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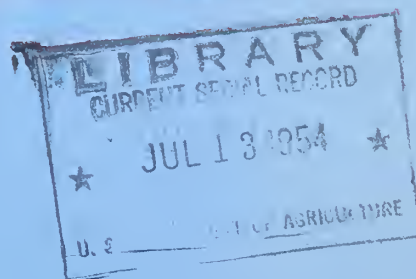
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ON

MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES 1952 - 1953



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The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmers' cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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HANDBOOK ON MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES, 1952 AND 1953

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Part I of this handbook gives information for 25 major regional farm supply cooperatives in the United States for their fiscal years ending in 1952 and 1953. Although there is wide variation in the forms of organization, methods of operation, and accounting and reporting practices followed by these associations, every effort has been made to present information on a comparable basis. These associations, each normally doing more than \$5 million farm supply business, are listed according to the amount of their wholesale and retail supply business for 1953. Part II summarizes information for the group.

Twenty-one of the associations performed wholesale services for retail cooperative outlets of various types. Four associations distributed all supplies on a retail basis to individual patrons. Twelve of the associations engaged in a wholesale business only. Five did both wholesale and retail business. Twelve associations also marketed farm products. The association reports show the main points of similarity and of difference between these organizations.

Many regional marketing cooperatives also perform an extensive purchasing service. The value of supplies distributed to farmers through three marketing associations doing more than \$5 million of farm supply business amounted to \$30 million in 1953, as shown in the appendix.

PART I

ASSOCIATION REPORTS FOR 25 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1952 AND 1953

Principal items considered for each of the 25 associations include: Date of organization, area of service, types of local outlets, types and volume of supplies handled, distribution of margins, and financial condition.

Note: Appreciation is expressed to officials of the associations who provided the information used in preparing this handbook and to J. W. Mather, Farm Supplies Branch, Farmer Cooperative Service, for valuable assistance.

COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE, INC.

The Cooperative Grange League Federation Exchange, Inc., known as the "G.L.F.," was organized June 28, 1920. It serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania--roughly the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, N. Y.

The G.L.F. is a centralized cooperative. Its board of directors is responsible directly to farmer-members. Membership is determined by ownership of common stock and bona fide farm operation. Any farmer-patron who owns at least one \$5 share of G.L.F. Exchange common stock qualifies as a member.

Since it performs manufacturing, processing, wholesaling, transportation, and retailing services, G.L.F. is an integrated organization. At the end of the fiscal year, June 30, 1953, G.L.F. was providing these services for about 153,000 regular farmer-patrons and 42,000 non-farmers. Farmer-patrons qualifying as members numbered about 118,000.

On June 30, 1953, the G.L.F. was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
G.L.F. retail service stores (including 6 full branches)-----	241
G.L.F. zero food branches ¹ -----	3
G.L.F. farm store branches-----	41
G.L.F. petroleum bulk plants ² -----	75
G.L.F. agent buyers-----	283
Independent local cooperatives-----	24
Supplementary agents-----	20
Farmer agents-----	<u>6</u>
Total-----	693

The retail service stores are cooperative corporations managed by G.L.F. They distribute farm supplies and in some cases market farm products for patrons. The Exchange holds all of their common stock in trust for the local patrons. Local farmers own the preferred stock. Annual meetings are held at which member committees are elected. The member committee has many of the powers of a local board of directors, but its acts are subject to the approval of the Exchange as the holder of the common stock. These stores are financed centrally and are supervised through management contracts that may be canceled at any time by the service stores. G.L.F. petroleum bulk plants are organized in a similar way except that they are located so as to perform a specialized petroleum service for patrons over wider areas. Between 60 to 65 percent of G.L.F.'s wholesale volume is distributed through these service stores and petroleum cooperatives.

¹Pilot operation, now being discontinued.

²Includes 2 branches, 5 liquefied petroleum gas depots, and 1 retail filling station.

Agent-buyers are private business operators who have been granted franchises to handle G.L.F. farm supplies in accordance with association policies. The independent local cooperatives are locally controlled farmers' cooperatives handling G.L.F. farm supplies on the same basis as agent-buyers. In many cases they primarily are local marketing associations with purchasing as an additional service. Supplementary agents are merchants, or others, who handle certain G.L.F. products such as fertilizer, or seed, but not the complete line. Approximately 35 to 40 percent of G.L.F.'s wholesale volume is distributed through agent-buyers, independent local cooperatives, and supplementary agents.

These various types of retail outlets obtain supplies for redistribution under the same wholesale terms through the manufacturing plants and warehouses that G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also obtain supplies from other commercial sources.

The wholesale value of supplies distributed by G.L.F. to all types of associated retail outlets for the fiscal years ending June 30, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed, grain, flour, and cereals-----	\$111,876,175	\$101,266,293
Fertilizer and lime (including shells, bedding, etc.)-----	14,673,223	15,753,080
Petroleum products-----	12,358,029	13,482,932
Tires, tubes, and auto supplies-----	1,525,943	1,358,349
Seed and seed potatoes ³ -----	6,076,820	5,594,080
Hardware (tools)-----	751,434	732,444
Refrigeration equipment-----	1,526,836	1,538,239
Farm equipment and parts-----	1,996,579	2,393,200
Steel and other metal products ⁴ -----	2,826,555	3,027,913
Building material, paint, roofing, cement, etc.-----	1,877,943	2,011,720
Insecticides, sprays and farm chemicals-----	2,540,839	2,838,235
Package materials-----	785,816	634,363
Rope and twine-----	2,105,075	918,418
Farm and home appliances-----	251,043	267,516
Miscellaneous ⁵ -----	775,817	1,297,165
Total-----	161,948,127	153,113,947
Less interdivision business-----	152,397	259,053
Total-----	161,795,730	152,854,894

³Does not include Fort Wayne shipments to non-G.L.F. outlets.

⁴Includes wire and nails, metal roofing, pipe and fittings, and related items.

⁵Includes rubber and canvas, agency supplies, ladders, mowers, sprayers, and other commodities.

The value of services and supplies obtained at retail by farmers through local G.L.F. managed retail outlets for the years ending June 30, 1952, and 1953 was as follows:

<u>Sources of supplies or services</u>	<u>1952</u>	<u>1953</u>
G.L.F. retail service stores, farm store branches, and frozen food lockers-----	\$130,650,715	\$121,987,179
G.L.F. petroleum bulk plants-----	<u>18,433,935</u>	<u>19,070,675</u>
Total-----	149,084,650	141,057,854

During World War II, G.L.F. greatly expanded its cooperative marketing services.⁶ The principal products marketed are eggs, grain, and beans. Marketing is mainly through retail service stores, with some separate facilities maintained for eggs and beans. The following types of marketing facilities were maintained on June 30, 1953:

<u>Marketing facilities</u>	<u>Number</u>
Grain elevator-----	1
Bean plants-----	3
Flour and cereal plants ⁷ -----	2
Terminal egg sales agencies-----	5
Country egg stations-----	8
Terminal sales agency for beans, wheat, and other grains-----	1
Cold storage plant-----	1
Transportation service unit-----	1

The value of farm products marketed by G.L.F. for the years ending June 30, 1952 and 1953, follows:⁸

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Eggs-----	\$10,671,100	\$11,817,906
Fruits and vegetables-----	751,262	1,431,102
Grain-----	7,524,762	9,979,746
Beans-----	3,019,911	3,154,022
Hay and straw-----	406,483	476,339
Miscellaneous and unclassified ⁹ -----	<u>101,809</u>	<u>136,346</u>
Total-----	22,475,327	26,995,461

In addition, in 1952 these marketing units purchased egg cases, seed beans, seed and plants, containers, fertilizer and sprays, and performed storage and other services valued at \$1,022,682. In 1953 the value of these items was \$1,314,398.

⁶There are three local marketing cooperatives. All of their common stock is held by the G.L.F. Exchange in trust for the local patrons. Their preferred stock, where issued, is owned by local farmers.

⁷Now considered as a purchasing operation.

⁸Includes marketing by service stores.

⁹Includes poultry and seed.

Net margins, before income taxes, of the combined G.L.F. system for the years ending June 30, 1952 and 1953, were derived as follows:

<u>Source of net margins</u>	<u>1952</u>	<u>1953</u>
Manufacturing, wholesale purchasing and marketing-----	\$4,387,463	\$2,280,588
Local G.L.F. retail service stores-----	3,151,351	2,029,644
Local G.L.F. retail petroleum distribution operations-----	166,155	180,113
Other operations (local marketing cooperatives, etc.)-----	20,879	15,873
Total-----	7,725,848	4,506,218

The provision for Federal income taxes in 1952 was \$1,651,892 and in 1953, \$1,481,968.

The remaining net margins were distributed in the following manner:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$1,624,240	\$1,738,884
Patronage refunds		
Cash-----	2,435,466	1,135,865
Letters of advice-----	-	124,248
Additions to reserves-----	2,014,250	25,253
Total-----	6,073,956	3,024,250

All patronage refunds paid in certificates in prior years have been retired and the association has no revolving plan of financing currently in use.

The financial condition of the combined G.L.F. system, including whole-sale divisions, financing and credit subsidiaries, retail service stores and petroleum cooperatives, and marketing associations as of June 30, 1952 and 1953, is shown in the following condensed consolidated balance sheet:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$41,289,853	\$40,128,119
Fixed assets (net)-----	24,736,374	26,917,394
Other assets (investments, etc.)-----	10,252,989	8,797,508
Total-----	76,279,216	75,843,021
Liabilities and patrons' equities:		
Current liabilities-----	12,070,183	8,891,267
Other liabilities-----	7,750,000	7,933,333
Capital stock and patrons' equities-----	56,459,033	59,018,421
Total-----	76,279,216	75,843,021

The following tabulation shows the number and value of the principal facilities owned and operated by G.L.F. and its affiliated service stores, and petroleum and marketing cooperatives on June 30, 1953:

<u>Facilities</u>	<u>Number of plants or units¹⁰</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mills-----	3	\$8,628,632	\$6,213,505
Fertilizer and insecticide plants---	13	3,929,734	2,875,883
Seed cleaning plants-----	8	1,185,022	759,954
Wholesale farm supply warehouses----	8	1,143,534	761,426
Petroleum bulk storage terminals----	6	1,344,664	1,079,914
Retail farm supply stores-----	282	15,410,369	10,733,633
Bulk petroleum plants-----	75	3,620,701	1,599,098
Marketing warehouse, storage, and processing plants-----	26	1,431,584	1,071,599
Office building-----		1,328,564	828,700
Freezer-locker plants-----	4	291,634	149,251
Flour and cereal mill, local feed mill, and elevators	3	494,664	373,221
Radio networks-----	5	228,428	225,596
Other facilities-----	7	341,940	245,614
Total-----		39,379,470	26,917,394

In addition to these facilities, G.L.F. had \$752,158 invested in federations of regionals owned jointly with other cooperatives, which operated various manufacturing and wholesaling facilities.

On June 30, 1953, the G.L.F. system had 4,285 employees. Of these, 233 were engaged in general administrative activities; 1,338 in manufacturing and processing operations; 2,510 in retail distribution; and 204 in marketing farm products. These figures do not include retail employees of independent cooperatives or agent-buyers and their employees who may spend most of their time in distributing G.L.F. farm supplies. The figures for the three operating groups include administrative, accounting, and clerical employees.

SOUTHERN STATES COOPERATIVE, INC.

The Southern States Cooperative, Inc., Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. It was reorganized in 1933 under its present name. At the end of its operating year on June 30, 1953, it was furnishing supplies through local cooperatives, service agencies, and farmer agents to approximately 266,286 members in Virginia, West Virginia, Kentucky, Maryland, Delaware, and Tennessee. The number of non-farmers served was estimated at 15,000. Substantially all its patrons were farmers and 80 percent were members. A farmer-patron becomes a member by acquiring ownership of one or more shares of \$1 par value voting stock issued in payment of patronage refunds.

¹⁰Including leased facilities with owned equipment.

On June 30, 1953, the Southern States Cooperative was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
Local affiliated cooperatives:	
Farm supply stores with management contracts-----	120
Farm supply stores without management contracts-----	56
Petroleum service plants with management contracts-----	25
Locker plants with management contracts-----	1
Service agencies (privately owned)-----	505
Farmer agents (fertilizer only)-----	18
 Total-----	 725

Local affiliated cooperatives with management contracts are separately incorporated associations whose boards of directors have employed Southern States, through the medium of a management contract, to perform certain management, accounting, auditing, and financial services on a fee basis. Approximately 43 percent of Southern States' wholesale volume is distributed through these cooperatives. Those without management contracts are independent cooperatives which use the association as a wholesale source of supply.

Service agencies are private retail farm supply dealers who have been awarded the Southern States franchise by the local membership. Under the terms of this franchise, dealers handle the supplies under agreed-upon conditions. The farmer-agents are individual farmers who pool fertilizer orders and handle distribution to neighbors in communities where such service is not otherwise available. Approximately 57 percent of the association's wholesale volume is distributed through these agencies and through the 56 farm supply stores with management contracts.

Feed and fertilizer manufacturing operations of Southern States Cooperative are conducted by several subsidiary cooperatives. Those subsidiary manufacturing cooperatives are jointly owned by a number of wholesale farm purchasing cooperatives that use them as a source of a portion or all of their feed and fertilizer requirements. In addition to Southern States Cooperative, these cooperatives are the Farmers Cooperative Exchange, Raleigh, N. C.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.; Farm Bureau Cooperative Association, Columbus, Ohio; and Cotton Producers Association, Atlanta, Ga. Ownership is in proportion to use or patronage and is annually adjusted to maintain ownership on that basis. Each of the participating cooperatives pays its exact share of operating expenses and therefore obtains manufacturing service at cost.

The value of supplies distributed at wholesale, together with the value of supplies manufactured for the account of affiliated regional

cooperatives, for the fiscal years ending June 30, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$57,464,048	\$55,788,175
Fertilizer-----	9,863,901	10,160,310
Seed-----	6,773,838	6,906,270
Petroleum products and equipment-----	6,519,336	6,914,087
Auto accessories-----	896,717	758,814
Farm equipment and tools-----	1,347,304	1,347,370
Hardware and steel products-----	4,235,408	3,493,628
Paint and asphalt-----	635,382	665,682
Insecticides, sprays, and chemicals-----	1,331,707	1,374,678
Electrical equipment and appliances-----	1,362,829	1,298,259
Miscellaneous-----	47,568	65,680
Total-----	90,478,038	88,772,953

Supplies manufactured for the account of other regional cooperatives totaled \$16,639,885 in 1952 and \$16,550,012 in 1953.

The value of supplies distributed at retail outlets managed by Southern States Cooperative amounted to \$43,703,515 in 1952 and \$43,089,993 in 1953.

Southern States Cooperative has marketing services for several farm products produced by members. On June 30, 1953, the association operated four terminal egg sales agencies and a terminal grain marketing service.

The value of farm products marketed through Southern States Cooperative follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Eggs-----	\$2,257,809	\$2,500,997
Grain-----	5,493,031	5,061,735
Total-----	7,750,840	7,562,732

Total net margins after income taxes for years ending June 30, 1952 and 1953, were derived as follows:

<u>Source of net margins or losses</u>	<u>1952</u>	<u>1953</u>
Manufacturing and wholesale purchasing-----	\$2,914,415	\$2,142,357
Retail farm supply stores-----	1,344,140	1,135,082
Retail petroleum distribution-----	168,713	233,796
Marketing-----	-19,719	29,322
Other operations-----	670,233	359,422
Less: Intercompany dividends-----	-864,006	-898,652
Total-----	4,213,776	3,001,327

These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$932,092	\$1,000,860
Patronage refunds:		
Cash-----	738,294	706,572
Capital stock-----	948,033	1,365,602
Retained in reserves-----	<u>1,595,357</u>	<u>11-71,707</u>
 Total-----	 4,213,776	 3,001,327

The provisions for Federal income taxes in 1952 were \$24,271 and in 1953, \$67,761.

For the year ending June 30, 1952, the association retired voting stock amounting to \$47,000, issued originally in the payment of patronage refunds. For the year ending June 30, 1953, the redemptions totaled \$43,300. For many years the policy has been to call and retire at par value the voting stock issued 10 years previous.

The financial condition of Southern States Cooperative, Inc., its wholly owned subsidiaries and partly owned manufacturing subsidiaries, and its affiliated local retail cooperatives, on June 30, 1952 and 1953, is shown in the following consolidated financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$21,749,746	\$22,324,848
Fixed assets (net)-----	12,408,696	13,676,528
Other assets-----	<u>7,328,583</u>	<u>7,307,439</u>
 Total-----	 41,487,025	 43,308,815
 Liabilities and net worth:		
Current liabilities-----	2,865,402	3,476,079
Deferred liabilities-----	8,557,601	7,762,311
Net worth or members' or patrons' equities--	<u>30,064,022</u>	<u>32,070,425</u>
 Total-----	 41,487,025	 43,308,815

¹¹After adjustments.

The following is a tabulation of the number and value of facilities owned and operated by the Southern States Cooperative, Inc., its subsidiaries and affiliated local cooperatives on June 30, 1953:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Headquarters building-----	1	\$2,148,774	\$1,835,710
Poultry and egg marketing outlets---	5	258,739	181,478
Frozen-food locker plants-----	5	241,431	172,134
Feed mills-----	4	3,607,894	2,527,078
Fertilizer plants-----	5	2,052,910	1,595,460
Seed cleaning plants and wholesale farm supply warehouses-----	10	2,902,250	2,176,995
Southern States Cooperative retail service stores-----	122	4,379,543	3,551,836
Bulk petroleum plants-----	28	1,467,906	944,024
Petroleum terminals and transport equipment-----	3	405,368	301,890
Research and analysis laboratory----	1	14,157	2,602
Grain marketing facility-----	1	195,414	127,184
Other facilities-----	1	466,008	260,137
Total-----		18,140,394	13,676,528

In addition to these facilities, Southern States Cooperative had \$318,700 invested in jointly owned federations of regionals which operated various manufacturing and wholesaling facilities.

On June 30, 1953, Southern States Cooperative had 2,075 employees. Of these 596 were engaged in general administrative activities, 757 in manufacturing and processing operations, 29 in wholesale distribution, 648 in retail distribution, and 45 in marketing farm products.

EASTERN STATES FARMERS' EXCHANGE, INC.

The Eastern States Farmers' Exchange, Incorporated, with headquarters in West Springfield, Mass., was organized on January 28, 1918. In 1952, it was serving 165,665 patrons in the six New England States, Pennsylvania, (except for the northern tier counties), Delaware, and Maryland.

Eastern States is an integrated farmers' non-stock, non-profit cooperative agency for procuring production supplies for its members. It processes a large proportion of the items it handles.

Membership in Eastern States is determined by patronage. The association has no capital stock or membership fees. Every farmer who purchases through the association becomes a member and remains a member for the calendar year following the date of his last purchase. Less than 4 per cent of the 1952 volume of business was with non-farmer patrons.

Patrons are served by 434 farmer-representatives, 16 independent cooperatives that also serve as representatives, and 82 regional branch warehouses strategically located to supplement local car-door distribution.

The value of supplies distributed to patrons for the fiscal years ending December 31, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed and grain-----	\$81,936,399	\$72,375,086
Field seeds-----	2,822,136	2,771,917
Seed potatoes-----	1,267,918	1,062,453
Vegetable seeds-----	366,417	387,385
Fertilizer and lime-----	6,648,557	7,334,577
Spray materials-----	1,451,522	1,543,579
Miscellaneous (roofing, paints, lubricants, and similar products)-----	<u>3,584,463</u>	<u>3,001,624</u>
Total-----	98,077,412	88,476,621

Each year all savings are allocated to patrons in proportion to patronage. Distribution of savings was as follows:

<u>Distribution of savings</u>	<u>1952</u>	<u>1953</u>
Patronage refunds in cash-----	\$1,073,350	\$2,255,996
Amount allocated to patrons and retained-----	<u>1,885,613</u>	<u>1,600,000</u>
Total-----	2,958,963	3,855,996

The financial statements for Eastern States Farmers' Exchange, December 31, 1952 and 1953, were as follows:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$15,998,855	\$15,790,358
Fixed assets (net)-----	21,336,927	21,486,787
Other assets-----	<u>1,325,524</u>	<u>1,387,858</u>
Total-----	38,661,306	38,665,003
Liabilities and net worth:		
Current liabilities-----	4,803,078	4,406,775
Fixed indebtedness-----	10,800,000	9,600,000
Net worth (patrons' equities)-----	<u>23,058,228</u>	<u>24,658,228</u>
Total-----	38,661,306	38,665,003

All net worth, or patrons' equities in this non-stock farmers' cooperative has been accumulated through retained savings. In other words,

each patron has contributed to the structure in proportion to the use he has made of the services provided.

On December 31, 1953, Eastern States had 1,605 employees. Of these 434 were engaged in general administrative activities; 858 in manufacturing and processing operations; and 313 in distributing through its warehouses.

CONSUMERS COOPERATIVE ASSOCIATION

Consumers Cooperative Association (CCA), with headquarters in Kansas City, Mo., was organized in 1929. As of August 31, 1953, CCA was serving 1,675 local and regional member associations. Local member cooperatives mainly are located in Colorado, Iowa, Kansas, Missouri, Nebraska, South Dakota, Oklahoma and Wyoming. These associations, in turn, serve approximately 460,000 patrons, about 98 percent of them farmers.

Crude oil production, pipeline transportation and refinery operations are carried on by a wholly-owned subsidiary, the Cooperative Refinery Association. CCA's and CRA's production and manufacturing operations provide practically all of the refined fuels, lube oil and grease, and most of the feed, fertilizer, lumber and paint supplied patrons.

The Cooperative Farm Chemicals Association (CFCA) was incorporated on October 5, 1951, as a wholly-owned subsidiary of CCA for the purpose of building and operating an agricultural nitrogen fixation plant with a rated annual output of 110,000 tons of nitrogenous fertilizers. The entire production of the plant will be distributed to farmers through the facilities of CCA, or used for mixing in CCA's presently operated fertilizer plants. The construction of this nitrogen plant at Lawrence, Kans. is now in process and it is expected that the plant, estimated to cost \$16,000,000, will be fully completed and in operation about September 1954.

A summary of merchandise furnished by CCA and its consolidated subsidiary, CRA, follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Petroleum products-----	\$57,129,838	\$59,475,193
Feed-----	8,987,425	8,667,464
Fertilizer-----	3,867,374	4,254,219
Lumber, paint and building supplies-----	3,670,651	4,156,165
Farm machinery and equipment and twine-----	3,234,441	1,681,491
Tires, tubes, and auto accessories-----	2,206,540	2,292,711
Insecticides-----	547,215	551,479
Appliances-----	568,426	592,778
Groceries, drugs, and sundries-----	1,930,141	1,954,540
Miscellaneous-----	299,563	323,501
Total-----	82,441,614	83,949,541

Total consolidated net margins, before income taxes, of CCA and its four wholly-owned subsidiaries totaled \$2,849,742 in 1952 and \$1,283,026 in 1953 and were derived as follows:

<u>Sources of net margins</u>	<u>1952</u>	<u>1953</u>
CCA - CRA - CFCA-----	\$2,836,727	\$1,248,933
Consumers Insurance Agency-----	11,483	32,590
Cooperative Finance Association, Inc.-----	1,532	1,503
Total-----	2,849,742	1,283,026

The provision for Federal and State income taxes in 1952 was \$200,448 and in 1953 was \$122,037.

The remaining net margins were distributed in the following manner:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$29,058	\$18,337
Patronage refunds:		
Cash-----	73,846	¹² 996
Revolving funds-----	1,185,409	¹² 204,574
Common stock-----	1,608	¹² 137
Additions to surplus-----	1,359,373	936,945
Total-----	2,649,294	1,160,989

Certificates in the amount of \$1,167,395 originally issued in payment of the 1946 deferred patronage refunds were retired during 1952 under the revolving plan. No deferred refunds were retired in the 1953 fiscal year.

The consolidated balance sheets of the Consumers Cooperative Association and its subsidiaries for the years ending August 31, 1952 and 1953 were as follows:

	<u>¹³1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$22,908,186	\$24,921,738
Fixed assets (net)-----	25,168,076	31,217,104
Other assets-----	7,239,626	¹⁴ 15,338,597
Total-----	55,315,888	71,477,439
Liabilities and net worth:		
Current liabilities-----	16,283,519	16,820,848
Other liabilities-----	14,989,844	29,763,441
Net worth-----	24,042,525	24,893,150
Total-----	55,315,888	71,477,439

¹²Includes CCA, CRA, and CFCA.

¹³Represents additional refunds for the 1952 fiscal year allocated in 1953 fiscal year.

¹⁴Includes cash of \$1,187,235 and U. S. Government Securities of \$4,989,740 designated for the construction of the nitrate plant.

The principal facilities owned and operated by CCA, CRA and CFCA on August 31, 1953, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Petroleum refineries-----	4	\$13,931,197	\$10,132,800
Crude oil production:			
Facility (equipment)-----		8,135,049	5,757,695
Oil reserve (leaseholds)-----		11,561,183	4,248,123
Pipelines (miles)-----	1,024	4,799,273	3,965,216
Distribution and transportation:			
Warehouses and terminals-----	10	705,316	523,935
Highway transports-----	98	918,328	342,882
Manufacturing:			
Facilities-----	14	4,872,436	3,374,386
Timber-----		1,593,498	849,019
Nitrate plant under construction----		1,672,902	1,672,902
Administrative building and equipment-----		619,795	322,287
Non-operating buildings and equipment-----		37,447	27,859
Total-----		48,846,424	31,217,104

In addition to these facilities, CCA and CRA has \$5,500,544 invested in federations of regional cooperatives owned jointly with other associations which operate various manufacturing and wholesaling facilities.

The Consumers Cooperative Association and its subsidiary corporations had 2,307 employees on August 31, 1953; 405 engaged in general administrative activities; 1,030 in oil production and refining; 380 in manufacturing plants (other than refining); and 492 in wholesale distributing, including transportation terminals and warehouses.

ILLINOIS FARM SUPPLY COMPANY

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year on August 31, 1953, it was providing a manufacturing and wholesale farm supply service for member associations throughout Illinois. They consisted of 101 cooperative petroleum, fuel, and fertilizer service companies that operate over county-wide areas. These member associations, in turn served about 135,000 patrons, of whom 97 percent were farmers. Member associations must be organized under the Agricultural Cooperative Act of Illinois and must be engaged wholly or partly in distributing farm supplies cooperatively.

The value of supplies distributed at wholesale by the Illinois Farm Supply Company during the fiscal years ending August 31, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$13,904,914	\$13,608,518
Fertilizer-----	8,677,252	11,292,513
Petroleum products-----	30,531,140	31,358,246
Tires, tubes, and accessories-----	752,978	750,553
Farm equipment-----	525,978	481,348
Steel products-----	736,477	996,808
Lumber, paint, and other maintenance equipment	515,156	691,833
Insecticides-----	370,634	494,387
Twine-----	387,972	55,822
Anti-freeze and office supplies-----	<u>363,982</u>	<u>190,147</u>
Total-----	56,766,483	59,920,175

Total net margins, before income taxes, from all manufacturing, wholesaling, and transportation operations and their distribution amounted to \$2,921,491 in 1952 and \$3,233,819 in 1953.

In 1952, provisions for income taxes amounted to \$435,000 and in 1953 \$545,000.

The distribution of remaining net margins was as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock ¹⁵ -----	\$214,319	\$221,597
Patronage refunds:		
Cash-----	1,831,772	1,867,386
Capital stock-----	200,400	300,000
Retained in reserves-----	<u>240,000</u>	<u>300,000</u>
Total-----	2,486,491	2,688,983

The financial condition of the Illinois Farm Supply Company on August 31, 1952 and 1953 was as follows:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$8,286,987	\$10,194,876
Fixed assets (net)-----	4,873,271	5,506,796
Other assets ¹⁶ -----	<u>3,299,440</u>	<u>3,581,715</u>
Total-----	16,459,698	19,283,387
Liabilities and net worth:		
Current liabilities-----	4,977,522	5,257,311
Other liabilities-----	1,245,000	2,965,000
Net worth or members and patrons equities----	<u>10,237,176</u>	<u>11,061,076</u>
Total-----	16,459,698	19,283,387

¹⁵Stock dividends at 3 percent for classes A, B, C, D, and E as per shareholders meeting June 1952 amending articles and bylaws to 3 percent on all classes of stock.

¹⁶Other assets include investments in a wholly-owned pipeline subsidiary and in 5 refineries jointly owned as well as other small investments.

On August 31, 1953, 70 percent of the net worth had been accumulated through the sale of stock, while 30 percent represented retained savings.

The Illinois Farm Supply Company has one wholly-owned subsidiary - the Loudon Pipeline Company - which operates crude oil pipelines and a small amount of production properties. Only the investment which the Illinois Farm Supply Company has as capital stock in this subsidiary is included in its balance sheet.

The type and value of the principal operating facilities owned by the Illinois Farm Supply Company and its wholly-owned subsidiary as of August 31, 1953, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mills-----	2	\$1,453,084	\$1,147,405
Marine terminal bulk petroleum plants-----	3	947,648	762,436
Transport trucks-----	45	631,424	402,792
Barges and towboats-----	7	1,071,296	831,385
Tire recapping plant-----	1	8,217	420
Plant food plant-----	1	1,724,228	1,363,312
Petroleum refinery-----	-	1,365,386	740,899
Other facilities-----	-	137,055	83,262
Sub-total-----		7,338,338	5,331,911

Properties owned by its subsidiary, Loudon Pipeline Co., included in "other assets" were as follows:

Pipeline-----	\$503,827	\$200,916
Crude oil properties-----	18,197	10,399
Sub-total-----	522,024	211,315
Total-----	7,860,362	5,543,226

In addition to these facilities, Illinois Farm Supply Company had \$545,316 invested in jointly owned federations of regional cooperatives and allied companies which operated various refining, producing, manufacturing, and wholesaling facilities.

The Illinois Farm Supply Company and its subsidiary had 612 employees on August 31, 1953: 250 engaged in general administration, 275 in manufacturing and processing operations, and 87 in wholesale distribution including transportation and warehousing.

FARMERS UNION CENTRAL EXCHANGE, INC.

The Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minn., was organized in 1931. At the end of December 1953, it was

serving 700 associations with approximately 250,000 patrons, 90 percent of them farmers. The Exchange operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, and Wyoming.

It distributed supplies at wholesale during 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$2,776,584	\$2,700,229
Seed-----	568,825	420,317
Fertilizer-----	1,406,327	2,080,775
Petroleum products-----	29,086,732	33,909,539
Tires, tubes, and other accessories-----	3,015,295	3,401,919
Farm machinery-----	4,116,573	2,754,467
Milking machines-----	141,783	161,391
Paint-----	243,270	239,486
Hardware and building material-----	1,859,537	2,505,213
Electrical equipment and appliances-----	456,440	407,974
Twine-----	553,616	339,240
Agricultural chemicals-----	370,626	424,010
L.P. gas equipment-----	460,847	429,163
Oil equipment-----	501,072	480,471
Miscellaneous-----	150,523	154,012
Total-----	45,708,050	50,408,206

The Exchange derived its net margins for the last 2 years as follows:

<u>Source of net margins</u>	<u>1952</u>	<u>1953</u>
Manufacturing and wholesaling operations-----	\$2,681,972	\$4,049,552
Net savings in form of stock and stock credits from other cooperatives-----	979,454	933,852
Total-----	3,661,426	4,983,404

It distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$3,282	\$2,985
Patronage refunds in capital stock-----	2,972,026	4,054,852
Educational fund-----	172,457	198,141
Employees' saving-sharing fund-----	183,071	257,669
Retained in reserves-----	330,590	469,757
Total-----	3,661,426	4,983,404

All capital stock originally issued in payment of patronage refunds has been retired through the year 1945. None was retired in 1952. In 1953, \$2,062,650 was retired.

Condensed financial statements of the Farmers Union Central Exchange, Inc., December 31, 1952 and 1953, follows:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$12,552,866	\$14,238,779
Fixed assets (net)-----	7,652,715	7,446,440
Other assets-----	728,729	846,167
Investments-----	<u>9,631,459</u>	<u>10,765,016</u>
Total-----	30,565,769	33,296,402
Liabilities and net worth:		
Current liabilities-----	5,457,425	5,666,457
Non-current liabilities-----	-0-	-0-
Net worth (capital and reserves)-----	<u>25,108,344</u>	<u>27,629,945</u>
Total-----	30,565,769	33,296,402

Facilities owned and operated by the association at the close of 1953 included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses-----	10	\$477,897	\$347,430
Oil blending plant and main buildings and equipment-----	1	1,506,914	1,150,681
Auto and truck-----		167,076	120,918
Furniture and fixtures-----		379,648	196,813
Refinery property-----	1	7,404,249	5,230,645
Bottled gas plants and equipment-----	15	<u>561,754</u>	<u>399,953</u>
Total-----		10,497,538	7,446,440

In addition to these facilities, the Exchange had \$10,765,016 invested in federations jointly owned by regional cooperatives which operated manufacturing and wholesaling operations.

On December 31, 1953, the Farmers Union Central Exchange had 569 employees. Of these, 289 were engaged in general and administrative activities, 154 in manufacturing and processing operations, and 126 in wholesale distribution.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters in Indianapolis, Inc., was organized in its present form in February 1927. At the end of its operating year, December 31, 1953, it was serving 85 county farm bureau cooperatives in Indiana¹⁷ and 1 in Kentucky. These 86 associations distribute supplies to approximately 140,000 patrons, about 90 percent of them farmers.

It distributed supplies at wholesale during 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$10,084,209	\$10,057,278
Seed-----	1,595,795	1,500,488
Fertilizer-----	7,999,100	9,631,748
Gas, oil, and grease-----	18,498,086	17,770,829
Tires, tubes, and other accessories-----	263,572	418,297
Farm machinery and parts-----	2,433,269	1,841,434
Farm equipment-----	364,691	433,365
Steel products-----	2,260,517	1,882,796
Lumber, paint, and other maintenance equipment-----	2,511,155	3,242,516
Insecticides-----	522,806	694,899
Electrical equipment and appliances-----	865,604	931,227
Twine-----	193,527	74,023
Coal-----	631,531	457,571
Chicks, eggs, and turkey poults-----	344,725	342,972
Hog serum and virus-----	146,492	162,429
Miscellaneous-----	602,739	612,082
Total-----	49,317,818	50,053,954

The association has moved into the field of marketing in recent years. Its first venture was in March 1947 when it started the Poultry and Egg Department. In October 1947 the Indiana Wool Growers merged with the association and in October 1949 the directors of the Indiana Grain Cooperative voted to merge with the association. On January 1, 1953, the Indiana Grain Marketing Division of the association was serving 140 locally owned cooperative elevators in the State.¹⁸

¹⁷Many of these county cooperatives also market grain, wool, poultry, eggs, and other products.
¹⁸While grain accounted for approximately 60 percent of total business during 1953, it seemed advisable to continue to include this association in part I of this handbook because of (1) the desirability of maintaining continuity of information on major supply operations in the country, and continuity of information on major supply operations in the country, and (2) the fact that by far the larger proportion of the association's facilities, capital, net savings, and personnel were accounted for by the supply business.

The sales value of farm products marketed by the association during 1952 and 1953 was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Grain-----	\$82,967,225	\$78,275,389
Poultry-----	357,067	25,627
Eggs-----	1,750,895	1,675,991
Wool-----	824,227	32,584
Total-----	85,899,414	80,009,591

In 1952 the Wool Department handled 1,479,666 pounds or approximately 60 percent of the production in the State. In 1953 the volume handled was 1,557,000 pounds or approximately 65 percent of the production in the State. The 1953 wool clip has not been completely sold as of December 31, 1953.

In its fiscal year ending December 31, 1952, the Grain Division marketed 38,544,000 bushels of grain for \$82,967,225. In its fiscal year ending December 31, 1953, the Grain Division marketed 41,537,000 bushels of grain for \$78,275,389.

This cooperative distributed its net margins from purchasing and marketing operations for the last 2 years as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$203,245	\$306,889
Patronage refunds:		
Cash-----	630,290	763,899
Stock-----	1,890,869	2,291,696
Total-----	2,724,404	3,362,484

The association has retired all common stock issued through 1945.

Common stock amounting to \$1,224,500 originally issued in payment of patronage refunds were retired during 1952 under a revolving capital plan. The amount retired in 1953 was \$562,900.

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., on December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$24,508,842	\$25,412,812
Fixed assets (net)-----	12,061,791	16,439,240
Other assets ¹⁹ -----	4,681,384	4,740,865
Total-----	41,252,017	46,592,917
Liabilities and net worth:		
Current liabilities-----	7,611,666	7,386,395
Other liabilities-----	3,532,800	7,372,904
Net worth (capital and reserves)-----	30,107,551	31,833,618
Total-----	41,252,017	46,592,917

On December 31, 1953, the association reported that 75 percent of its net worth represented retained savings. The remaining 25 percent has been accumulated through the sale of stock.

At the close of 1953, the principal wholesale purchasing, manufacturing, and marketing facilities operated included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants-----	3	\$2,304,900	\$1,591,625
Seed cleaning plant-----	1	82,498	45,136
Wholesale farm supply warehouse-----	1	483,723	397,131
Petroleum refinery (including pipeline)-----	1	10,910,015	8,976,695
Transport trucks-----	34	365,278	149,789
General delivery trucks-----	36	71,605	33,576
Barges-----	7	205,757	165,268
General office building-----	1	365,456	319,440
Oil well equipment-----	-	2,373,463	1,207,883
Grain elevator-----	4	3,478,390	2,677,237
Serum plant-----	1	143,192	49,292
Transfer yard-----	1	40,259	37,941
Insecticide plant-----	1	189,846	171,752
Hatcheries-----	33	340,849	94,741
Poultry and egg plant-----	3	376,641	278,632
Other facilities-----	-	447,004	243,102
Sub-total-----		22,178,876	16,439,240
Crude property-intangible cost-----		5,658,957	2,308,700
Property of subsidiary (Farm Bureau Oil) Crude oil pipeline and equipment-----		1,438,525	744,864
Total-----		29,276,358	19,492,804

¹⁹Other assets include capital stock of a wholly-owned oil company, and stock in affiliates.

The corporation completed a products pipeline from Mt. Vernon, Ind. to Peru, Inc. and a fertilizer mixing plant at Columbia City, Ind. during 1953.

In addition, investments of \$1,800,841 in facilities were owned jointly with other cooperatives.

On December 31, 1953, the Indiana Farm Bureau Cooperative Association had 1,051 employees. Of these, 221 were engaged in general administrative activities; 367 in manufacturing and processing operations; 6 in retail distribution; 263 in wholesale distribution; and 194 in marketing farm products.

THE FARM BUREAU COOPERATIVE ASSOCIATION, INC.
(OHIO)

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1953, it was serving 88 member associations with approximately 225 distributing points in Ohio. These cooperative outlets served 197,000 patrons, 84 percent of them farmers.

This cooperative distributed supplies at wholesale during 1952 and 1953 as follows:²⁰

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$15,155,073	\$11,164,186
Fertilizer-----	5,986,318	6,225,595
Seed and seed potatoes-----	2,311,545	1,934,588
Gas, oil, and grease-----	13,315,004	14,143,856
Tires, tubes, and other accessories-----	188,076	171,420
Farm machinery-----	2,425,033	2,115,814
Farm equipment-----	350,493	601,782
Steel products-----	1,000,293	-o- *
Lumber, paint, and other maintenance equipment	906,080	1,571,914*
Insecticides-----	321,260	493,566
Electrical equipment and appliances-----	240,731	822,276*
Coal-----	82,023	-o-
Miscellaneous-----	638,822	805,847*
Total-----	²¹ 42,920,751	²² 40,050,844*

The value of grain marketed through The Farm Bureau Cooperative Association, Inc., was \$22,791,086 in 1952 and \$22,150,499 in 1953.

²⁰Prior to 1953, home appliances and other consumer goods were handled by the Cooperative Wholesale Association, Inc., Columbus, Ohio. This was a separate organization managed and financed by the Farm Bureau Cooperative Association. Its sales totalled \$1,022,102 in 1952 with net savings after taxes of \$12,296. As of December 31, 1952, this company was merged with Farm Bureau Cooperative Association. For this reason sales marked with an asterisk are not comparable to 1952 figures.

²¹Includes \$187,224 in interdivision transactions.

²²Includes \$30,284 in interdivision transactions.

The association had total net margins for 1952 of \$1,205,205 -- deriving \$307,807 of this total from marketing and \$897,398 from purchasing. Savings for 1953 before taxes, totalled \$1,297,078 of which it derived \$382,087 from marketing and \$914,991 from purchasing.

The cooperative distributed net margins, after income taxes, as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$268,665	\$184,501
Patronage refunds:		
Cash-----	177,115	220,577
Securities-----	678,400	661,730
Amount retained in reserves-----	60,260	129,707
Total-----	1,184,440	1,196,515

The provisions for Federal income tax in 1952 were \$20,765 and \$100,561 in 1953.

Stock certificates amounting to \$253,050, originally issued in payment of patronage refunds, were retired during 1952 under a revolving capital plan. The amount retired in 1953 was \$443,250.

The financial condition of The Farm Bureau Cooperative Association, Inc., as of December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$12,188,565	\$11,220,188
Fixed assets (net)-----	3,486,496	3,376,786
Other assets ²³ -----	5,860,038	6,663,574
Total-----	21,535,099	21,260,548
Liabilities and net worth:		
Current liabilities-----	6,175,290	4,506,377
Other liabilities-----	4,063,142	4,868,541
Net worth (capital and reserves)-----	11,296,667	11,885,630
Total-----	21,535,099	21,260,548

Forty percent of the net worth was accumulated through the sale of stock and 60 percent was built up by savings.

²³ Other assets in 1952 include investments of \$908,170 in feed, fertilizer, petroleum processing, and other facilities owned jointly with other cooperatives and \$4,436,733 in wholly-owned subsidiaries operating refining and pipeline facilities. In 1953 they include investments of \$935,620 in feed, fertilizer, petroleum processing and other facilities owned jointly with other cooperatives, and \$5,136,332 in wholly-owned subsidiaries operating refining and pipeline facilities.

The Farm Bureau Cooperative Association owns a subsidiary - The Louisville Refining Company - which refines petroleum products and it in turn owns a subsidiary - The Producers Pipe Line Company - which produces and transports crude oil. Only the investments which The Farm Bureau Cooperative Association has in capital stock in these subsidiaries are included in "other assets" in its balance sheet.

The principal operating facilities owned and operated by The Farm Bureau Cooperative Association and its subsidiaries at the close of the 1953 fiscal year were:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Terminal grain elevator-----	1	\$1,763,516	\$1,436,017
Feed mills-----	4	844,939	373,930
Fertilizer plants-----	5	1,062,026	477,269
Wholesale farm supply warehouses----	5	342,288	165,982
Transport trucks-----	8	136,569	47,092
Oil delivery trucks-----	13	223,387	71,698
Petroleum refinery-----		4,622,271	3,242,996
Crude oil pipeline (miles) ²⁴ -----	2,651	1,033,087	378,649
Crude oil property-----		<u>997,953</u>	<u>666,898</u>
Total-----		11,026,036	6,860,531

On December 31, 1953, The Farm Bureau Cooperative Association, Inc., and its subsidiaries had 782 employees. Of these, 261 were engaged in general and administrative activities; 296 in manufacturing and processing operations; 143 in wholesale distribution; 14 in retail distribution; and 68 in marketing farm products.

M. F. A. MILLING COMPANY

The M.F.A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year on June 30, 1953, it was serving 120 local M.F.A. farmers' cooperative exchanges with approximately 100,000 farmer-members. In addition, through arrangements with regional supply cooperatives in Arkansas, Mississippi and Tennessee and through direct arrangements with locals in Oklahoma, Kansas, Texas, and Louisiana, farmers obtain feed from M.F.A. Milling Company at 150 local outlets in these 7 States.

²⁴ 8 inch pipe - .43 miles
 6 inch pipe - 2.55 miles
 4 inch pipe - 31.42 miles
 3 inch pipe - 34.90 miles
 2 inch pipe - 195.74 miles

The M.F.A. Milling Company, the largest regional purchasing association affiliated with the Missouri Farmers Association, is owned by local MFA cooperatives in southern Missouri. The local cooperatives, in turn, are owned by the MFA members which they serve. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan, and is financed by patrons' equities. Half of the board of directors is named by the local MFA exchanges it serves, which constitute its class B membership, and the other half is named by the State board of directors of the Missouri Farmers Association, which constitutes its class A membership.

M.F.A. Milling Company distributed supplies at wholesale as follows during the years ending June 30, 1952 and 1953:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$31,704,693	\$35,820,381
Seed-----	<u>1,426,468</u>	<u>1,394,960</u>
Total-----	33,131,161	37,215,341

It distributed its net margins for 1952 and 1953 as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Patronage refunds in cash-----	\$321,666	\$421,003
Additions to membership equity reserves-----	<u>1,277,895</u>	<u>997,609</u>
Total-----	1,599,561	1,418,612

During 1952 the company retired in cash member equities for 1948 and 1949, totaling \$678,334, and in 1953 it retired equities for 1949 and 1950 amounting to \$1,000,000 under its revolving fund plan.

The following condensed financial statements shows the financial condition of the M.F.A. Milling Company on June 30, 1952 and 1953:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$2,590,755	\$3,116,631
Fixed assets (net)-----	2,206,239	2,198,116
Other assets-----	<u>199,518</u>	<u>136,690</u>
Total-----	4,996,512	5,451,437
Liabilities and net worth:		
Current liabilities-----	225,816	318,730
Other liabilities-----	104,919	29,250
Net worth-----	<u>4,665,777</u>	<u>5,103,457</u>
Total-----	4,996,512	5,451,437

On June 30, 1953, the operating facilities of the M.F.A. Milling Company consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Total value of mill buildings, machinery, and equipment-----	3	\$2,962,800	\$2,198,116

The M.F.A. Milling Company, in June 1953, had 477 employees -- 287 at Springfield and 190 at Aurora. Of these, 30 were engaged in general administrative activities; 434 in manufacturing and processing operations; and 13 wholesale distribution and field service work.

FARMERS COOPERATIVE EXCHANGE, INC.

The Farmers Cooperative Exchange, Inc., known as FCX with headquarters at Raleigh, N. C., was organized on March 12, 1934.²⁵ It serves approximately 160,000 patrons in North and South Carolina. Of this number, approximately 2 percent were non-farmers.

Supplies are distributed through 59 FCX centrally-managed subsidiary retail service stores, 24 independent cooperative associations, and 186 private dealer-agencies.

FCX distributed supplies at wholesale for the years ending June 30, 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feeds and grains-----	\$11,551,095	\$12,485,134
Fertilizer-----	4,599,022	4,340,140
Seeds-----	3,688,855	1,446,947
Steel, asphalt, and building materials-----	1,116,294	901,980
Paint-----	74,955	37,727
Farm machinery-----	1,392,021	891,232
Electrical appliances-----	1,027,954	521,520
Oil, tires, and tubes-----	91,017	13,912
Sprays and dusts-----	663,887	452,841
Miscellaneous farm supplies-----	2,564,529	1,810,846
Total-----	26,769,629	22,902,279

The value of supplies distributed at retail by FCX-managed retail outlets amounted to \$15,090,131 in 1952 and \$13,895,182 in 1953.

²⁵The operations of FCX are closely related to the North Carolina Cotton Growers Cooperative Association. The same general manager serves both organizations. The cotton handled by the North Carolina Cotton Growers Cooperative Association was valued at \$13,919,360 for the 1952 season and \$15,154,886 for the 1953 season. This association's net worth on June 30, 1952, was \$1,093,399 and on June 30, 1953, it was \$1,086,466.

The value of installment contracts handled in 1953 was \$406,113.

The value of farm products marketed by FCX was as follows for 1952 and 1953:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Grains-----	\$2,436,628	\$1,421,244
Eggs and poultry-----	422,535	440,576
Livestock-----	558,957	750,821
Wool-----	26,093	-o-
Miscellaneous-----	<u>135,153</u>	<u>9,236</u>
Total-----	3,579,366	2,621,877

The provision for income taxes in 1953 totaled \$15,000.

Net margins of FCX and their distribution for the past 2 years were as follows:

<u>Distributions of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$278,810	\$279,703
Patronage refunds:		
Cash (1953 estimated)-----	12,354	18,000
Capital stock (1953 estimated)-----	302,772	178,658
Amount retained in reserves (1953 estimated)-----	<u>25,920</u>	<u>-</u>
Total-----	619,856	476,361

Stock certificates totaling \$52,744, originally issued as patronage refunds, were retired during 1952 under the revolving fund plan. None were retired in 1953.

The financial condition of the FCX and its retail subsidiaries as of June 30, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$5,565,241	\$5,746,707
Fixed assets (net)-----	2,612,347	2,965,225
Other assets-----	<u>925,988</u>	<u>739,450</u>
Total-----	9,103,576	9,451,382
Liabilities and net worth:		
Current liabilities-----	1,774,552	1,831,838
Other liabilities-----	525,600	70,000
Net worth (capital and reserves)-----	<u>6,803,424</u>	<u>7,549,544</u>
Total-----	9,103,576	9,451,382

The number and value of facilities owned and operated by FCX and its affiliated service stores and marketing unit on June 30, 1953, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses----	5	\$587,325	\$491,663
Fertilizer mixing plants-----	2	399,685	340,453
Seed-cleaning plants-----	31	60,004	29,709
Retail farm supply stores-----	29	814,684	745,572
General delivery trucks-----	128	333,470	145,861
Office buildings-----	2	351,273	309,415
Miscellaneous-----	7	35,067	30,377
Feed mill-----	1	287,684	234,832
Total-----		2,869,192	2,327,882

In addition to these facilities, FCX and Southern States Cooperative, Inc., jointly manufacture feed in Norfolk and Roanoke, Va., and fertilizer in Norfolk, Va. The FCX investment in these facilities on June 30, 1953, amounted to \$223,300.

On June 30, 1953, FCX had 583 employees. Of these, 120 were engaged in general administrative activities, 88 in manufacturing and processing operations, 75 in wholesale distribution, and 300 in retail distribution.

MIDLAND COOPERATIVES, INC.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. At the end of its operating year on December 31, 1953, it was serving 682 member associations with 250,000 patrons, 95 percent of whom were farmers. It was also serving 170 non-member associations with 15,000 patrons, 90 percent of whom were farmers. The association operates throughout Minnesota except for the north-eastern quarter of the State. It also operates throughout Wisconsin except for the extreme north, in northern Iowa, and in the extreme eastern parts of the Dakotas.

Midland Cooperatives, Inc. distributed supplies at wholesale during the years ending December 31, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed, flour, and middlings-----	\$3,159,109	\$2,682,506
Fertilizer-----	1,579,649	2,572,659
Seed-----	1,072,879	588,367
Petroleum products-----	17,566,707	20,529,577
Tires, tubes, and accessories-----	1,405,181	1,454,616
Farm machinery-----	1,564,746	772,233
Steel products-----	412,686	455,054
Paint and related products-----	162,545	171,141
Insecticides-----	53,919	50,203
Electrical equipment-----	780,396	721,008
Coal-----	230,036	55,489
Groceries and dry goods-----	172,764	-
Hardware and farm tools-----	654,092	438,930
Oil station equipment-----	134,885	134,066
Miscellaneous-----	4,575	5,727
Total-----	28,954,169	30,631,576

Net margins, before income taxes, amounted to \$467,541 in 1952 and \$127,694 in 1953. The provision for income taxes in 1952 was \$105,000.

The remaining net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$132,628	\$124,688
Patronage refunds in capital stock-----	206,922	-
Amount retained in unallocated surplus-----	22,991	3,006
Total-----	362,541	127,694

Stocks or certificates amounting to \$111,000 originally issued in payment of patronage refunds were retired during 1953 under a revolving capital plan.

The financial condition of the Midland Cooperatives, Inc. as of December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$7,165,965	\$7,516,753
Fixed assets (net)-----	3,878,946	5,907,993
Other assets-----	6,843,048	7,774,248
Total-----	17,887,959	21,198,994
Liabilities and net worth:		
Current liabilities-----	4,675,221	6,779,278
Other liabilities-----	2,956,582	4,431,477
Net worth (capital and reserves)-----	10,256,156	9,988,239
Total-----	17,887,959	21,198,994

On December 31, 1953, Midland Cooperatives, Inc. owned and operated the following principal facilities:

<u>Facilities</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Crude oil property-----	\$3,031,284	\$597,833
Refinery (complete)-----	5,794,089	4,567,942
Oil blending plant and bulk petroleum plants and warehouses-----	914,447	531,141
Transport truck and trailer-----	23,216	1,266
Other properties-----	278,652	209,811
Total-----	10,041,688	5,907,993

Investments in other production and operating facilities owned jointly with other cooperatives were as follows at the end of 1953.

<u>Facilities</u>	<u>Amount invested</u>
Fertilizer, feed, and seed processing-----	\$1,562,427
Refineries and pipelines-----	5,223,179
Soybean mill-----	130,883
Properties of National Cooperatives, Inc. (including milking machine factory)-----	355,441
Other investments-----	370,830
Total-----	7,642,760

On December 31, 1953, the Midland Cooperatives, Inc. had 440 employees. Of these, 98 were engaged in general and administrative activities, 190 in manufacturing and processing operations, and 152 in wholesale distribution.

POULTRY PRODUCERS OF CENTRAL CALIFORNIA

Poultry Producers of Central California, a centralized farmers' cooperative with headquarters in San Francisco, Calif., was incorporated in October 1916 and began operating in January of the following year. Originally, its sold purpose was marketing eggs, but in 1926 its activities were expanded to include the manufacture and distribution of feeds for poultry, dairy and other types of livestock, and the marketing of poultry.

Membership in the association is open to any agricultural producer; now active membership requires a minimum patronage of any or all departments amounting to \$200 annually. An initial membership fee of \$10 is refunded if or when a member withdraws from the association. Farmers may join at any time, but withdrawal is confined to an annual period specified in the membership agreement.

This association serves its 11,605 members through 58 branches and agencies, located throughout the central coast and central valley counties of California north of Monterey and Merced Counties, respectively. All branches serve as receiving stations for members' eggs and distribution centers for the association's feeds. Poultry Producers owns and operates 13 egg packing plants and 6 feed mills.

Members of the association have always been required to sign an Egg Marketing Agreement, by which the member agrees to market through the association all of the eggs he produces other than those sold to hatcheries or retained for home or farm use. This agreement further provides that eggs be pooled according to grade, and the members shall receive weekly advance payments based upon the volume, quality and grade of eggs delivered to the association during the preceding week, followed by an annual deferred payment representing the difference between costs of marketing and handling and returns from the final sale of eggs. Patronage of the Feed and Poultry Departments has always been on a voluntary basis.

The volume of feed and supplies distributed to patrons by the association during the years ended December 31, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$32,235,709	\$27,807,795
Petroleum products-----	1,659,367	1,953,003
Farm supplies-----	774,898	699,258
	<hr/>	<hr/>
Total-----	34,669,974	30,460,056

Feed volume represented 326,127 tons in 1952 and 296,824 tons in 1953.

In addition to feeds and feedstuffs, members may purchase a wide range of farm supplies through the association. Principal supply items include aluminum roofing and siding, fencing materials, poultry house equipment, drugs and insecticides. Petroleum products of a major oil company are distributed on a cooperative basis to members of the association by special agreement.

The volume of eggs marketed in 1952 was 1,685,508 cases with a sales value of \$22,487,347. Volume in 1953 was 1,687,269 cases with a sales value of \$25,647,236. The association's poultry marketing activities have been quite restricted.

The deferred payment to egg shippers and net margins allocated to patrons of the Feed and Supply Department in 1952 and 1953 were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Egg deferred payments-----	\$418,606	\$367,427
Feed capital fund credits-----	1,569,200	1,854,050
Feed revolving fund credits-----	<u>331,032</u>	<u>400,857</u>
Total-----	2,318,838	2,622,334

The rates of patronage refunds differ for various types of feeds, feed-stuffs and supplies. For the past several years the highest percentage rate has been paid on farm supplies, the next highest on chicken and turkey mixed feeds, the lowest on grains and other "simples."

Prior to 1924, Poultry Producers of Central California was financed by issuance of stock to its members. Subsequent to that year, revolving funds have constituted its basis for capitalization. Separate capital revolving funds are maintained for the Egg, Feed, and Poultry Departments.

The Feed Capital Fund provides for the normal capital requirements of the Feed Department. Members' credits in the Feed and Egg Capital Funds are represented by interest-bearing certificates. The Feed Revolving Fund is non-interest-bearing and non-certificated; it has been set aside annually since 1941 as a special revolving reserve primarily for the purpose of cushioning sudden declines in feed inventory values. The Egg Capital Fund has generally been revolved on a 2½-year basis, the Feed Capital Fund on a 2½-year basis, the Feed Revolving Fund on a 3-year basis.

During 1952, the association retired, in cash, revolving fund credits totaling \$2,027,770. In 1953, the amount retired totaled \$5,962,503.

The present value of members' equities (net worth) in Poultry Producers of Central California is indicated in the following condensed balance sheets, as of December 31, 1952 and 1953:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$12,830,046	\$11,550,183
Fixed assets-----	3,809,877	3,730,910
Other assets-----	<u>112,525</u>	<u>104,025</u>
Total-----	16,752,448	15,385,118
Liabilities and net worth:		
Current liabilities-----	5,122,977	3,317,145
Deferred liabilities-----	-	154,555
Net worth-----	<u>11,629,471</u>	<u>11,913,418</u>
Total-----	16,752,448	15,385,118

At the close of 1953, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Land-----	\$368,594	\$368,594
Buildings, improvements, leasehold improvements-----	2,903,929	2,005,419
Autos and trucks-----	813,142	175,446
Egg department equipment-----	423,020	189,413
Feed department equipment-----	1,883,233	848,735
Facilities under construction-----	26,017	26,017
Other-----	376,186	117,286
 Total-----	 6,794,121	 3,730,910

During the year 1953, the association employed an average of 1,271 men and women for a total payroll of \$4,782,614. Of these employees, 85 were engaged in administrative activities; approximately 300 devoted a major portion of their time to operations of the Feed and Supply Department; approximately 500 were employed in the work of the Egg Department; 4 were engaged in handling poultry; the remainder were jointly employed by the Feed and Supply and the Egg Departments as warehousemen, truck drivers, clerks, accountants, and related occupations.

WASHINGTON CO-OPERATIVE FARMERS ASSOCIATION

The Washington Co-operative Farmers Association, with headquarters in Seattle, Wash., was organized in February 1917, as the Washington Co-operative Egg & Poultry Association. Its name was changed in February 1945 when it broadened its membership requirements and scope of services. The association is a centralized cooperative. During 1953, it served 38,710 member farmers located throughout Washington.

Anyone engaged in the production of farm products in commercial quantities may become a member by paying a \$1 membership fee and 50 cents for the first year for a subscription to Washcoegg - the house organ of the association. Those wishing to market products through the association must sign marketing agreements covering the specified commodities marketed.

Patrons are served through 38 branch stations located throughout Washington in addition to the facilities at headquarters in Seattle. Poultry and poultry products, feed, and general farm supplies are handled by all stations. Only 5 have petroleum bulk plants, but in the areas of the other branch stations, oil products are delivered to farmers by the association's tank trucks direct from bulk plants of its supplier.

Washington Co-operative Farmers Association is an integrated organization which processes a large amount of the products it markets and the supplies it distributes to members.

The value of supplies and equipment it distributed to patrons during its fiscal years ended December 31, 1952 and 1953, was as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$23,164,455	\$20,393,517
Seed-----	495,393	428,120
Fertilizer-----	846,631	1,003,736
Petroleum-----	5,779,958	6,551,896
Other farm supplies and equipment-----	1,898,495	2,079,743
Total-----	32,184,932	30,457,012

The association was originally formed as an egg and poultry marketing association and this still is one of its major functions. The value of products it marketed for patrons the last 2 years was as follows:

<u>Products</u>	<u>1952</u>	<u>1953</u>
Eggs and egg products-----	\$7,945,707	\$8,229,279
Dressed poultry-----	3,996,626	3,545,809
Dressed turkeys-----	2,904,650	2,521,328
Canned poultry and turkey-----	3,385,011	3,253,779
Seed-----	240,120	237,565
Total-----	18,472,114	17,787,760

There was no provision for Federal income taxes in either 1952 or 1953 since the equivalent of all net margins were allocated to patrons. Net margins for the years ended December 31, 1952 and 1953, were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Interest on "finance fund" certificates-----	\$319,812	\$364,892
Extra payments on marketing and patronage refunds on purchasing issued as "finance fund" certificates-----	1,608,020	1,774,916
Amounts placed in rotating reserve fund-----	173,324	390,040
Total-----	2,101,156	2,529,848

This cooperative declares separate rates of extra payments on a patronage basis in its egg, poultry, cannery, turkey, and seed marketing departments and a separate patronage refund rate in its feed, seed and fertilizer, and farm supply departments.

During 1952, the association returned in cash "finance fund" certificates for 1947, totaling \$1,669,011. It called for retirement "finance fund" certificates for 1948, totaling \$1,663,568 on January 4, 1954. The retirement of prior year reserves during 1953 totaled \$559,265.

The financial condition of the Washington Co-operative Farmers Association on December 31, 1952 and 1953, is shown in the following consolidated balance sheets:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$11,600,017	\$9,307,257
Fixed assets (net)-----	6,265,064	6,403,629
Other assets-----	<u>798,666</u>	<u>727,780</u>
Total-----	18,663,747	16,438,666
Liabilities and net worth:		
Current liabilities-----	5,225,047	2,135,091
Net worth (finance fund, reserve funds and undistributed operating margins)-----	<u>13,438,700</u>	<u>14,303,575</u>
Total-----	18,663,747	16,438,666

On December 31, 1953, approximately 77 percent of the association's net worth was represented by retained net operating margins or savings and the remainder by regular capital subscriptions on farm products marketed.

At the close of 1953, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Buildings and improvements to leased properties	\$5,599,647	\$4,249,139
Land-----	270,818	270,818
Machinery, equipment and furniture-----	2,734,151	1,366,634
Trucks and automobiles-----	<u>1,374,714</u>	<u>517,038</u>
Total-----	9,979,330	6,403,629

In addition to these facilities the association had \$248,416 invested in federations owned jointly by regionals which operated various manufacturing and wholesaling facilities.

On December 31, 1953, the association had 1,428 employees engaged in its general administrative activities, in manufacturing and processing, in wholesale distribution, and in purchasing farm supplies for producer members.

PENNSYLVANIA FARM BUREAU COOPERATIVE ASSOCIATION

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pa., was organized in 1934. At the close of 1953, it was serving 34 member associations operating on a countywide basis with 72,000 patrons, 97 percent of them farmers. Supplies also were distributed by 18 private dealer agents and 4 farmer fertilizer agents who

operate directly through the Farm Bureau Cooperative Distribution Association, Harrisburg, Pa. During 1952, it had 3,000 patrons of whom approximately 95 percent were farmers. The total service area of the Pennsylvania Farm Bureau Cooperative Association comprises 53 counties in Pennsylvania.

This cooperative distributed supplies at wholesale for the years ending December 31, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$9,971,218	\$9,515,140
Fertilizer-----	2,031,240	2,367,729
Seed-----	1,210,648	1,232,490
Petroleum products-----	6,148,070	6,381,479
Tires, tubes, and other accessories-----	179,085	171,413
Farm machinery and parts-----	851,279	513,211
Farm equipment-----	771,567	818,491
Steel products-----	632,857	688,777
Lumber, paint, and other maintenance equipment-----	183,874	169,531
Insecticides-----	376,313	414,512
Electrical equipment and appliances-----	263,380	222,329
Twine-----	259,210	191,758
Chicks-----	337,090	462,112
Total-----	23,215,831	23,148,972

The cooperative had net margins for the years ending December 31, 1952 and 1953, from the following sources:

<u>Source of net margins</u>	<u>1952</u>	<u>1953</u>
Manufacturing and wholesale purchasing operations-----	\$456,486	\$480,566
Other operations-----	44,982	47,529
Total-----	501,468	528,095

Net margins were distributed in the following manner:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$160,265	\$173,479
Patronage refunds in capital stock-----	267,746	244,113
Retained in reserves-----	73,457	110,503
Total-----	501,468	528,095

Stocks or certificates amounting to \$40,075 originally issued in payment of patronage refunds were retired during 1952 under a revolving capital plan. The amount retired in 1953 was \$42,975.

The financial condition of the Pennsylvania Farm Bureau Cooperative Association on December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$3,571,625	\$3,291,525
Fixed assets (net)-----	1,163,958	1,292,382
Other assets-----	<u>3,221,964</u>	<u>3,298,813</u>
Total-----	7,957,547	7,882,720
Liabilities and net worth:		
Current liabilities-----	1,190,657	683,898
Other liabilities-----	1,000,555	1,020,049
Net worth (capital and reserves)-----	<u>5,766,335</u>	<u>6,178,773</u>
Total-----	7,957,547	7,882,720

On December 31, 1953, the principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mill-----	1	\$480,148	\$356,584
Seed cleaning plant-----	1	156,890	101,585
Wholesale farm supply warehouses----	2	288,884	197,185
Office building-----	1	205,705	182,876
Transport trucks-----	17	107,064	41,837
Dust plant-----	1	15,237	1,980
Hatcheries-----	3	178,764	131,463
Poultry breeding farm-----	1	102,430	74,651
Other facilities-----		<u>213,397</u>	<u>119,559</u>
Total-----		1,748,519	1,207,720

In addition, the association held investments of \$3,196,271 in facilities owned jointly with other cooperatives.

On December 31, 1953, the Pennsylvania Farm Bureau Cooperative Association had 280 employees. Of these, 134 were engaged in general and administrative activities, 91 in manufacturing and processing operations, and 55 in wholesale distribution.

FRUIT GROWERS SUPPLY COMPANY

Fruit Growers Supply Company, Los Angeles, Calif., organized in October 1907, is the oldest major farmers' purchasing cooperative. It serves 150 member citrus fruit packing associations with 12,500 farmer-members

who are located in the citrus districts of California and Arizona. Although separately incorporated and managed, it actually serves as the supply procurement agency for members of Sunkist Growers, Inc., Los Angeles.

Fruit Growers Supply Company distributed supplies at wholesale in the years ended December 31, 1952 and 1953, as follows:

	<u>1952</u>	<u>1953</u>
Packing house supplies-----	\$15,638,246	\$18,459,495
Orchard supplies-----	<u>2,854,119</u>	<u>2,692,057</u>
Total-----	18,492,365	21,151,552

The net margins on these sales amounted to \$1,599,172 in 1952 and \$1,486,542 in 1953. All net margins were distributed as patronage refunds in cash.

The company is owned by the local fruit-shipping organizations which it serves. Ownership is in proportion to their use of the company facilities. Under a revolving fund agreement shippers purchase, on the basis of current fruit shipments, shares of the capital stock of the company and a corresponding amount of the oldest outstanding stock is called in each year.

The financial condition of Fruit Growers Supply Company on December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$11,777,593	\$9,653,229
Fixed assets (net)-----	11,904,697	11,946,703
Other assets-----	<u>783,797</u>	<u>767,186</u>
Total-----	24,466,087	22,367,118
Liabilities and net worth:		
Current liabilities-----	7,108,787	3,965,330
Other liabilities-----	6,800,000	6,500,000
Net worth or member and patron equities-----	<u>10,557,300</u>	<u>11,901,788</u>
Total-----	24,466,087	22,367,118

Fruit Growers Supply Company owns and operates three lumber and box shook manufacturing plants and several thousand acres of timberland.

On December 31, 1953, Fruit Growers Supply Company had 1,474 employees. Of these, 55 were engaged in general and administrative activities and 1,419 in logging and manufacturing operations.

PACIFIC SUPPLY COOPERATIVE

The Pacific Supply Cooperative, with headquarters at Walla Walla, Wash., was organized December 19, 1933. At the close of its operating year, June 30, 1953, it was serving 129 member associations in Oregon, Washington, Idaho, and northwestern Wyoming. Patrons of these associations numbered 60,000 and 95 percent were farmers. It also served 50 non-member associations.

It distributed supplies at wholesale during the fiscal years ending June 30, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed and grain-----	\$1,459,538	\$1,005,575
Fertilizer-----	2,094,716	3,423,654
Seed-----	166,701	143,957
Gas, oil, grease, and fuel oil-----	11,398,819	12,093,885
Tires, tubes, and other accessories-----	630,215	707,705
Farm machinery and parts-----	990,433	607,464
Lumber, paint, steel products, and other maintenance equipment-----	683,343	795,400
Insecticides and chemicals-----	543,777	501,566
Electrical equipment and appliances-----	175,197	154,799
Hardware-----	368,054	359,369
Farm appliances and irrigation supplies-----	811,623	976,804
Miscellaneous supplies and service revenues-----	23,487	10,121
Total-----	19,345,903	20,780,299

The Pacific Supply Cooperative marketed farm products in 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Seed-----	\$2,961,723	\$2,746,746
Grain-----	2,241,156	2,830,740
Total-----	5,202,879	5,577,486

It provided \$1,110 for Federal income taxes in 1953.

The association distributed total net margins for 1952 and 1953 as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Patronage refunds:		
Cash-----	\$531	\$59
Certificates-----	342,055	61,359
Common stock-----	72,520	-
Amount retained in reserves-----	10,643	-
Total-----	425,749	61,418

The association reports that \$56,984 in stock or certificates originally issued as patronage refunds were retired in 1952 under its revolving fund plan. In 1953, the amount retired was \$56,878.

The financial condition of the Pacific Supply Cooperative on June 30, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$5,187,854	\$4,942,456
Fixed assets (net)-----	2,187,117	2,242,611
Other assets and investments-----	<u>1,364,405</u>	<u>1,214,787</u>
Total-----	8,739,376	8,399,854
Liabilities and net worth:		
Current liabilities-----	2,259,187	1,596,128
Other liabilities-----	11,422	27,181
Net worth or member and patron equities-----	<u>6,468,767</u>	<u>6,776,545</u>
Total-----	8,739,376	8,399,854

On June 30, 1953, the Pacific Supply Cooperative owned and operated the following principal facilities:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses-----	4	\$207,797	\$116,300
Seed and feed plants-----	5	570,320	323,969
Chemical and fertilizer plants-----	3	285,776	171,787
Transport trucks-----	17	354,933	90,823
Office-----	1	105,698	50,054
Other facilities-----	-	<u>1,629,828</u>	<u>1,489,678</u>
Total-----		3,154,352	2,242,611

In addition, the association held investments of \$245,987 in facilities owned jointly with other cooperative associations.

On June 30, 1953, the Pacific Supply Cooperative had 245 employees. Of these, 66 were engaged in general administrative activities, 32 in manufacturing and processing operations, 88 in wholesale distribution, and 59 in marketing farm products.

FARM BUREAU SERVICES, INC.

Farm Bureau Services, Inc., with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmers' cooperatives in Michigan. At the end of its fiscal year on August 31, 1953, this cooperative provided supply service for

some 105,000 patrons through the 152 member associations,²⁶ 26 non-member associations, 19 branch retail outlets, and 150 private dealer outlets. Farmers represented approximately 90 percent of the patrons of these retail outlets.

Its wholesale division distributed²⁷ supplies for the fiscal years ending August 31, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$4,461,249	\$4,351,000
Fertilizer-----	3,725,008	4,081,458
Seed-----	1,311,946	1,285,754
Steel products-----	1,191,617	1,072,394
Lumber, paint, and other maintenance equipment	139,165	164,796
Insecticides-----	334,506	331,274
Coal-----	166,386	121,521
Total-----	²⁸ 11,329,877	11,408,197

This wholesale volume included the value of supplies transferred to its own retail branch outlets, amounting to \$3,925,932 in 1952 and \$3,777,425 in 1953.

In addition to the central office wholesale supply operations, the value of supplies distributed through branch outlets owned by the association amounted to \$7,451,331 in 1952 and \$7,299,838 in 1953. This volume includes \$2,366,288 in 1952 and \$1,476,566 in 1953 for farm equipment, both wholesale and retail, distributed through 6 farm equipment branches established within the past 3 years.

While Farm Bureau Services, Inc., is primarily a purchasing cooperative, it marketed farm products during the years ending August 31, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Grain-----	\$1,414,746	\$1,257,832
Beans-----	693,749	362,739
Eggs and poultry-----	82,307	95,031
Total-----	2,190,802	1,715,602

²⁶Eighteen of the member associations were managed by Farm Bureau Services, Inc., under management contracts.

²⁷Beginning January 1, 1949, the distribution of petroleum products was handled through a separate corporation, the Farmers Petroleum Cooperative, Inc. Its volume of business for the year ending August 31, 1952, was \$3,941,178 and net savings totaled \$198,476. This compares with a volume of \$4,107,709 and savings of \$167,191 for the year ending August 31, 1953.

²⁸Revised.

Sources of net margins of the organization for the fiscal years 1952 and 1953 were as follows:

<u>Source of net margins</u>	<u>1952</u>	<u>1953</u>
Wholesale supply business (including manufacturing margins)-----	\$137,572	\$295,045
Retail supply business (including farm equipment branches)-----	36,948	-185,429
Farm marketings-----	<u>18,098</u>	<u>14,063</u>
Total-----	192,618	123,679

The provisions for Federal income taxes were \$24,154 in 1952 and \$32,853 in 1953.

The association distributed the remaining net margins as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$31,945	\$30,639
Patronage refunds in capital stock-----	134,303	49,609
Additions to reserve fund-----	<u>2,216</u>	<u>10,578</u>
Total-----	168,464	90,826

Stock or certificates amounting to \$47,000 originally issued in payment of patronage refunds were retired during 1953 under a revolving capital plan. The amount to be retired in 1954 is \$19,000.

The financial condition of Farm Bureau Services, Inc., as of August 31, 1952 and 1953, is shown by the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$4,061,048	\$5,018,453
Fixed assets (net)-----	2,183,411	2,863,362
Appropriation for facility expansion-----	-	1,022,408
Other assets ²⁹ -----	<u>870,554</u>	<u>706,337</u>
Total-----	7,115,013	9,610,560
Liabilities and net worth:		
Current liabilities-----	1,411,488	2,248,152
Other liabilities ³⁰ -----	3,066,945	4,679,400
Net worth or member and patron equities-----	<u>2,636,580</u>	<u>2,683,008</u>
Total-----	7,115,013	9,610,560

²⁹Mainly investments in regional cooperatives.

³⁰Includes liability on debentures as follows:

	<u>1952</u>	<u>1953</u>
4% - 10 year debentures-----	\$1,697,180	\$730,730
3% - 15 year debentures-----	622,080	617,360
5% - 15 year debentures-----	<u>140,050</u>	<u>1,672,810</u>
Total-----	2,459,310	3,020,900

The value of the principal operating facilities owned on August 31, 1953, was as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouse ³¹ -----	6	\$454,863	\$373,053
Seed cleaning plant-----	1	76,701	43,388
Retail farm supply branches-----	13	869,899	651,711
Wholesale and retail farm equipment branches-----	5	97,572	79,258
General delivery truck and cars-----	52	104,853	40,416
Portable feed mixing units-----	4	55,504	47,804
Office equipment-----	-	146,439	74,564
Transportation department trucks and trailers, tractor-trailer units-----	9	101,712	64,086
Temporary office building-----	1	21,162	5,203
Bulk petroleum plant ³² -----	3	26,012	7,636
Dust plant (mixing equipment only)----	-	9,788	4,974
Fertilizer manufacturing plant-----	1	1,583,225	1,222,855
Fertilizer plant construction-----	1	248,414	248,414
Total-----		3,796,144	2,863,362

In addition, Farm Bureau Services had \$461,302 invested in federations owned jointly with other regional cooperatives which operated various manufacturing facilities.

At the end of its fiscal year on August 31, 1953, Farm Bureau Services, Inc., had 407 employees. Of these, 54 were engaged in general administrative activities, 72 in manufacturing and processing operations, 78 in wholesale distribution, 159 in retailing and marketing, and 44 in contractual services for the affiliated Michigan Farm Bureau.

POULTRYMENS COOPERATIVE ASSOCIATION OF SOUTHERN CALIFORNIA

The Poultrymens Cooperative Association of Southern California (PCA), with headquarters in Los Angeles, was organized in January 1931. It was formed to acquire most of the physical assets and business of cooperative poultry marketing and feed milling associations owned by poultrymen in the area. PCA is a centralized cooperative which had 2,448 members on March 31, 1953. It serves an area comprising most of eight counties in the vicinity of Los Angeles. All but 1 percent of its business was done with members in 1953.

³¹Five of these units are combination wholesale and retail units. Cost and depreciated value have been divided according to use.

³²One plant is leased to a local association managed by Farm Bureau Services, Inc.

Any person, company, corporation, or partnership engaged in poultry and egg production is eligible for membership, provided the operator has a project consisting of 400 laying hens or its equal. The membership fee is \$10. Each member has a minimum of one vote and receives an additional vote for each \$5,000 of yearly business with the association up to a maximum of five votes. PCA has nine directors, eight elected by districts and one elected at large. Each district has an informal local organization which functions in an advisory capacity to PCA, and as an educational agency for its members.

Feed and supply patrons are served through eight branch plants in addition to the headquarters facilities. The central plant at Los Angeles consists of complete feed manufacturing and pelleting equipment, bulk grain storage, bulk feed delivery equipment, an egg handling department, the central supply department, and general offices. All branches except two have feed manufacturing and bulk delivery facilities. One is a retail store, and one serves as an agency for handling PCA feeds. Eggs are candled and sold at the Los Angeles central plant and at the Atascadero branch. They also are sold at the Ventura branch station.

PCA distributed supplies and equipment to patrons during the fiscal years ended March 31, 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$14,021,657	\$14,314,065
Miscellaneous supplies-----	<u>503,237</u>	<u>374,570</u>
Total-----	14,524,894	14,688,635

The feed volume in 1953 represented 145,815 tons, with about 44 percent delivered in bulk by 21 bulk feed trucks operated by the association.

PCA has always performed egg marketing services for its members. Sales of eggs totaled \$2,156,376 during the fiscal year ended March 31, 1952 and \$2,753,212 during the year ended in 1953. A total of 5,452,802 dozen was marketed in 1953.

This cooperative's net margins, before income taxes, amounted to \$992,004 in 1952 and \$1,017,432 in 1953. Provisions for Federal income taxes amounted to \$4,995 in 1952 and \$2,161 in 1953. It distributed the remaining net margins as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Patronage refunds:		
Cash-----	\$593,354	\$623,961
Revolving fund credits-----	380,160	384,348
Additions to general reserves-----	<u>13,495</u>	<u>6,962</u>
Total-----	987,009	1,015,271

Net margins, or savings, are computed separately for the feed, supply, and egg departments and returned ratably to all members on a patronage basis with the same rates declared for all branches.

PCA has a rather unique system for financing, wherein practically all of its member capital is represented by a 7-year revolving fund. Capital is accumulated by retaining capital overcharges or markups on feed and supplies which are added to the billing prices to members, and by retaining a fixed percent of the returns received for products marketed for members. Mixed feed is the foundation of PCA's capital structure. Prices are determined weekly, based on the replacement value of the feed ingredients plus the estimated cost of milling, distribution, and general administrative expense. To this is added a capital overcharge, which in recent years has been 25 cents per 100 pounds. Of this 25 cents capital markup, 15 cents is regularly placed in the revolving fund structure and the other 10 cents is essentially used as protection against losses from inventory declines. If, however, inventory appreciation occurs, the 10 cents per 100 pounds, plus the inventory gain, plus any savings made in achieving costs under original estimates are returned as cash patronage refunds.

During 1953, about 63 percent of the feed and supply department overages on member business was paid as a cash refund, and the remaining 37 percent plus the entire egg department overage, which is small because of the policy of advances to members, was retained in the revolving fund.

During the fiscal year ended in 1952, PCA retired in cash the revolving fund credits for 1944, totaling \$80,572. During 1953 it retired credits of \$202,421 for 1945.

The financial condition of PCA on March 31, 1952 and 1953, is shown in the following condensed statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$2,387,693	\$2,015,499
Fixed assets (net)-----	1,035,009	1,105,671
Other assets-----	<u>147,347</u>	<u>76,620</u>
Total-----	3,570,049	3,197,790
Liabilities and member equities:		
Current liabilities-----	1,587,127	1,024,578
Other liabilities-----	-	2,839
Member equities or net worth-----	<u>1,982,922</u>	<u>2,170,373</u>
Total-----	3,570,049	3,197,790

On March 31, 1953, the principal operating facilities owned by PCA were as follows:

<u>Facilities</u>	<u>Number of plants</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Central feed mill, supply department, egg handling facilities and general offices-----	1	\$716,492	\$307,415
Branch stations and mills-----	7	870,815	596,117
Automobile and trucks-----	85	447,792	202,139
Total-----		2,035,099	1,105,671

In addition to these facilities, PCA had \$5,286 invested in other regional cooperatives which operate various manufacturing or processing facilities.

On March 31, 1953, PCA had 319 full-time employees. Of these 35 were engaged in general and administrative activities; 234 spent a majority of their time in feed and supply operations; and 50 spent most of their time in egg marketing operations.

CENTRAL COOPERATIVE WHOLESALE

The Central Cooperative Wholesale, often referred to as C.C.W., with headquarters at Superior, Wis., was organized on September 16, 1917. At the close of its operating year on November 30, 1953, it was serving 205 member and 68 non-member cooperatives in Northern parts of Michigan, Wisconsin, Minnesota, and in eastern North Dakota. These cooperative outlets served approximately 100,000 patrons, 75 percent of whom were farmers.

It distributed supplies at wholesale during fiscal years, ending November 30, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$2,405,369	\$2,236,256
Fertilizer-----	180,000	190,000
Seeds-----	145,000	145,000
Petroleum products-----	1,756,932	1,697,311
Tires, tubes, and other accessories-----	283,173	271,946
Steel products-----	140,766	126,012
Lumber, paints, and other maintenance equipment-----	328,688	338,617
Insecticides-----	44,879	44,238
Electrical equipment and appliances-----	347,378	435,114
Farm machinery-----	230,552	126,184
Hardware-----	315,660	296,140
Twine-----	91,426	59,820
Coal-----	67,747	54,219
Groceries-----	3,052,301	3,177,991
Fresh fruits and vegetables-----	373,071	348,794
Bakery products-----	347,900	322,386
Coffee-----	490,775	514,251
Clothing-----	592,293	669,371
Total-----	11,193,910	11,053,650

The total net margins, before income taxes, on manufacturing and whole-sale purchasing operations amounted to \$187,520 in 1952 and \$202,858 in 1953.

In 1952, a provision of \$22,715 was made for income taxes. In 1953, the provision was \$25,595.

The remaining net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Interest on capital stock-----	\$34,068	\$33,311
Patronage refunds in capital stock-----	127,872	140,035
Unallocated surplus-----	<u>2,865</u>	<u>3,917</u>
Total-----	164,805	177,263

Stocks or certificates amounting to \$26,100, originally issued in payment of patronage refunds, were retired during 1952 under a revolving capital plan. None were retired in 1953.

The financial condition of C.C.W. on November 30, 1952 and 1953, is shown in the following statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$2,222,751	\$1,973,299
Fixed assets (net)-----	507,109	455,815
Other assets-----	<u>1,597,287</u>	<u>1,693,250</u>
Total-----	4,327,147	4,122,364
Liabilities and net worth:		
Current liabilities-----	976,813	401,505
Long-term notes-----	291,620	534,050
Net worth (capital and reserves)-----	<u>3,058,714</u>	<u>3,186,809</u>
Total-----	4,327,147	4,122,364

On November 30, 1953, the principal facilities owned and operated by the C.C.W. consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Land-----		\$24,416	\$24,416
Warehouse and office (buildings and equipment)-----	4	442,636	268,151
Bakery (building and equipment)-----	1	97,407	21,134
Coffee roasting plant (equipment)-----	1	20,760	8,470
Feed mill (building and equipment)-----	1	159,787	62,604
Garage and delivery equipment-----	2	168,750	64,949
Oil plant building-----	1	6,510	1,291
Other-----		<u>8,362</u>	<u>4,800</u>
Total-----		28,628	455,815

In addition to these facilities, C.C.W. had \$1,664,372 invested in federations owned jointly with other regionals operating various manufacturing facilities.

On November 30, 1953, C.C.W. had 179 employees. Of these, 82 were engaged in general and administrative activities; 45 in manufacturing and processing operations; and 52 in wholesale distribution.

ARKANSAS FARMERS ASSOCIATION

The Arkansas Farmers Association, formerly the Arkansas Farm Bureau Cooperative, with headquarters at Little Rock, Ark., was organized in 1945. The association, through 56 member local associations, 6 branches of local associations, 7 non-member service companies, and 325 Farm Bureau purchasing committees or dealer agents, serves approximately 60,000 farmers.

This cooperative distributed supplies at wholesale during fiscal years ended May 31, 1952 and 1953 as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$5,938,925	\$6,008,076
Seed-----	818,596	1,105,062
Fertilizer-----	2,325,322	2,412,295
Baby chicks-----	795,588	850,156
Farm supplies-----	410,504	296,697
Total-----	10,288,935	10,672,286

The provisions for Federal income taxes in 1953 were \$150.

It distributed net margins for 1952 and 1953 as follows:³³

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Dividends on preferred stock-----	\$6,703	\$11,823
Patronage refunds in certificates of equity-----	179,671	204,729
Retained in reserves-----	19,963	22,748
Total-----	206,337	239,300

³³Includes deferred patronage refunds from other cooperatives totaling \$164,028 in 1952 and \$225,065 in 1953.

The financial condition of the Arkansas Farmers Association on May 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$513,960	\$637,486
Fixed assets (net)-----	230,140	259,833
Other assets-----	462,536	623,239
Investments-----	61,761	53,061
Total-----	1,268,397	1,573,619
Liabilities and net worth:		
Current liabilities-----	304,048	238,533
Other liabilities-----	135,023	150,467
Net worth or member and patron equities-----	829,326	1,184,619
Total-----	1,268,397	1,573,619

Facilities it owned and operated at the close of the 1953 fiscal year included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouse and office-----	1	\$56,222	\$51,562
Hatcheries-----	6	196,531	168,898
Auto and trucks-----	11	18,924	11,764
Furniture and fixtures-----		36,815	27,609
Total-----		308,492	259,833

In addition, the Arkansas Farmers Association is the sole sales agent for the Arkansas Farmers Plant Food Company. This latter firm has a fertilizer plant costing approximately \$750,000 which is located in North Little Rock.

On May 31, 1953, the Arkansas Farmers Association had 60 employees, 45 were engaged in general administrative activities, and 15 in wholesale distribution.

MISSISSIPPI FEDERATED COOPERATIVES (A.A.L.)

Mississippi Federated Cooperatives (A.A.L.) with headquarters in Jackson was first incorporated as the Mississippi Farm Bureau Federation (A.A.L.) in 1930 and reorganized as a separate association in 1935. From 1922 until its incorporation in 1930, however, the Federation performed a wholesale fertilizer purchasing service for its county farm bureau units.

At the end of its fiscal year May 31, 1953, Mississippi Federated Cooperatives (A.A.L.) was serving 43 member-county associations with about 75,000 patrons, and 28 non-member associations with an estimated 9,000 patrons. Approximately 95 percent of the patrons of both groups were farmers. Also, it provided a cotton marketing and loan service for approximately 2,500 growers who dealt directly with M.F.C. and for approximately 9,000 growers who placed their cotton with 36 member associations acting as receiving agents for M.F.C. The entire business was conducted in Mississippi.

Voting membership in Mississippi Federated is limited to local farmer cooperatives and is acquired by purchasing \$200 of common stock. Under the State law each share of common and preferred stock has one vote. In practice, however, stock voting has been limited to election of directors. In other matters voting has been on the basis of one vote per member.

Both M.F.C. and its member cooperatives are separate from the State and county farm bureau organization. In 1953 only the president of the Mississippi Farm Bureau Federation was a director of M.F.C., and the general manager of M.F.C. was an advisory board member of the State Farm Bureau.

The M.F.C. distributed supplies at wholesale during its fiscal years ending May 31, 1952 and 1953, as follows:

<u>Commodity</u>	<u>3⁴ 1952</u>	<u>1953</u>
Feed-----	\$61,442	\$398,371
Fertilizer-----	4,859,345	,174,643
Seed-----	1,345,537	,064,026
Insecticides-----	389,813	184,894
Miscellaneous supplies-----	272,306	307,185
Total-----	6,928,443	7,129,119

It also handled approximately \$675,000 of feed in 1952 and an estimated \$1,000,000 worth in 1953 on a brokerage basis which went directly to member cooperatives.

Since 1940, M.F.C. has performed a cotton marketing and loan service. In the 1951-52 fiscal year it marketed for individual growers \$5,904,727 worth of cotton and 1952-53 fiscal year \$2,814,556 worth. It handled 32,593 bales of cotton through its Government-loan pool in the 1951-52 fiscal year, and 30,636 bales in 1952-53.

Net margins or savings, after bonuses, of \$271,968 were realized on purchasing operations and \$74,406 on marketing operations in 1951-52; and net margins of \$275,106 on purchasing a loss of \$41,721 on marketing operations in 1952-53.

Total net margins for the two years were distributed as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends paid on stock and on equity credits----	\$48,701	\$58,721
Patronage refunds issued as capital stock-----	276,695	169,350
Amount retained as allocated margins or equity		
credits on a patronage basis-----	20,978	5,314
Total-----	346,374	233,385

The association operates on a 7-year revolving capital plan. Under this plan, \$30,300 of common stock and \$43,894 of allocated margins originally issued in 1944-45 were retired in cash in the 1951-52 fiscal year. A total of \$44,645 of common stock and \$18,580 of allocated margins issued in 1945-46 were retired in 1952-53.

A condensed financial statement of M.F.C. as of May 31, 1952 and 1953 follows:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$1,319,233	\$1,420,815
Fixed assets (net)-----	712,058	782,421
Investments and other assets-----	333,586	361,670
Contra account (loans on cotton)-----	405,137	-o-
Total-----	2,770,014	2,564,906
Liabilities and net worth:		
Current liabilities-----	415,390	558,330
Other liabilities-----	177,500	198,500
Contra account (loans on cotton)-----	405,137	-o-
Net worth or members' equities-----	1,771,987	1,808,076
Total-----	2,770,014	2,564,906

All the net worth, with the exception of \$133,500 in preferred stock invested by local cooperatives and \$15,000 of additional capital, has been accumulated from net margins retained in the business.

On May 31, 1953, the principal operating facilities of the association were:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants ³⁵ -----	3	\$642,527	\$459,614
Seed plant and warehouse-----	1	150,491	124,599
Branch wholesale warehouse-----	1	29,557	27,176
Office building and equipment-----	1	188,344	149,079
Trucks and automobiles-----	-	34,220	19,379
Miscellaneous-----	-	16,304	2,574
Total-----		1,061,443	782,421

³⁵On May 18, 1953 M.F.C. purchased a fertilizer mixing plant at Meridian, Miss. for \$140,000.

In addition to these facilities, M.F.C. had \$303,982 invested in other cooperatives which operated various manufacturing and wholesaling facilities. The principal associations were Mississippi Chemical Corporation, Yazoo City, Miss.; Associated Cooperatives, Inc., Sheffield, Ala.; United Cooperatives, Inc., Alliance, Ohio; and Magee Cooperative Gin (A.A.L.) Magee, Miss.

On May 31, 1953, the association had 135 employees. Of these, 34 were engaged primarily in general and administrative activities, 79 in manufacturing or processing operations, 13 in wholesaling and warehousing operations, and 9 in marketing operations.

FARMERS UNION STATE EXCHANGE

The Farmers Union State Exchange, with headquarters at Omaha, Neb., was organized in 1914. On September 30, 1953, it was serving 360 member associations with 66,000 patrons, 98 percent of them farmers. Through 25 private dealers, it reached an additional 3,500 patrons, 70 percent of them farmers. The association also owned and operated 6 retail farm supply stores and 3 retail bulk petroleum plants which serve 2,100 patrons, 98 percent of whom were farmers. The Exchange operates only in Nebraska.

It distributed supplies at wholesale during fiscal years ended on September 30, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$142,795	\$86,581
Seed-----	77,480	90,704
Gas, oil, and grease-----	3,834,362	3,938,503
Tires, tubes, and other accessories-----	199,936	198,310
Farm machinery and hardware-----	823,807	626,997
Farm equipment and fencing-----	240,394	276,334
Paint-----	42,445	41,562
Twine-----	88,579	23,828
Coal-----	112,084	99,898
Groceries-----	359,975	346,671
Clothing-----	36,421	35,346
Roofing-----	81,423	64,097
Miscellaneous-----	5,134	3,873
Total-----	6,044,835	5,832,704

The Farmers Union State Exchange also had retail sales of \$1,390,999 in 1952 and \$1,306,170 in 1953.

It distributed net margins in the following manner:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$23,511	\$24,117
Patronage refunds allocated-----	151,790	272,489
Amount retained in reserves-----	25,566	-
Total-----	200,867	296,606

The financial condition of the Farmers Union State Exchange on September 30, 1952 and 1953, is shown in the following condensed statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$1,754,063	\$1,555,524
Fixed assets (net)-----	294,398	264,961
Other assets-----	<u>1,335,099</u>	<u>1,533,185</u>
Total-----	3,383,560	3,353,670
Liabilities and net worth:		
Current liabilities-----	654,417	465,232
Other liabilities-----	667,186	649,651
Net worth or member and patron equities-----	<u>2,061,957</u>	<u>2,238,787</u>
Total-----	3,383,560	3,353,670

On September 30, 1953, the association had principal operating facilities as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Retail farm supply stores-----	3	\$93,262	\$59,450
Bulk petroleum plants-----	2	8,388	2
Office building and warehouse-----	1	157,963	67,446
Lubricating oil compounding plant-----	1	179,500	97,166
Transport trucks-----	6	71,053	18,739
General delivery trucks-----	10	19,506	342
Locker plant-----	1	9,309	1,393
Truck garages-----	2	<u>8,341</u>	<u>2</u>
Total-----		547,322	244,540

In addition to these facilities, Farmers Union State Exchange had \$1,522,082 invested in federations owned jointly with other regionals which operated various manufacturing and wholesaling facilities.

At the close of 1953, the Exchange had 175 employees.

TENNESSEE FARMERS COOPERATIVE

The Tennessee Farmers Cooperative was organized September 27, 1945. Headquarters are in Nashville, Tenn. At the end of the operating year, December 31, 1953, it was serving 89 county cooperatives in Tennessee, 73 of them members. These associations served about 120,000 patrons all of whom were farmers.

The Tennessee Farmers Cooperative distributed supplies at wholesale during the fiscal years ending December 31, 1952 and 1953, as follows:

<u>Commodities</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$2,180,922	\$1,635,524
Fertilizer-----	3,748,105	3,647,938
Seed-----	1,335,502	1,116,900
Building supplies-----	363,235	338,242
Petroleum-----	204,920	309,943
Other-----	72,308	86,850
Total-----	7,904,992	7,135,397

It distributed net margins as follows during 1952 and 1953:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash dividends on stock-----	\$31,743	\$37,954
Amount retained in reserves-----	137,968	85,826
Total-----	169,711	123,780

The financial condition of Tennessee Farmers Cooperative on December 31, 1952 and 1953, is shown in the following condensed financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$1,230,479	\$1,174,491
Fixed assets (net)-----	695,544	793,740
Other assets-----	275,995	286,744
Total-----	2,202,018	2,254,975
Liabilities and net worth:		
Current liabilities-----	958,277	880,402
Other liabilities-----	247,916	220,848
Net worth or member and patron equities-----	995,825	1,153,725
Total-----	2,202,018	2,254,975

The association operates on a revolving capital plan but it retired no equities in 1952 or 1953.

On December 31, 1953, the association reported that 58 percent of its net worth was represented by stock sales and the remaining 42 percent had been accumulated through retained allocated reserves.

The operating facilities owned by the Tennessee Farmers Cooperative on December 31, 1953, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants-----	2	\$590,880	\$489,943
Warehouses-----	4	192,298	179,128
Trucks-----	3	4,521	1,938
Other-----		145,551	122,731
Total-----		933,210	793,740

As of December 31, 1953, Tennessee Farmers Cooperative had 104 employees. Of this number 34 were engaged in general and administrative activities; 48 in manufacturing, processing, and construction; and 22 in wholesale distribution.

M.F.A. COOPERATIVE GRAIN AND FEED COMPANY

The M.F.A. Cooperative Grain and Feed Company with headquarters at St. Joseph, Mo., was organized in 1942. It had operated as the Purchasing Division of the Missouri Farmers Association, Inc., which was organized in 1927 and reorganized in 1938 as the M.F.A. Purchasing Company. Later that year, the name was changed to the M.F.A. Grain and Feed Company. The assets and liabilities of this company were transferred to the M.F.A. Cooperative Grain and Feed Company in 1942.

In 1944 this company bought a milling company at St. Joseph and its facilities for manufacturing mixed feeds were enlarged. It built a soybean plant and an elevator at Mexico, Mo., in 1946 to replace a mill and elevator previously destroyed by fire. The capacity of the elevator was enlarged to 650,000 bushels in 1951. Grain and soybeans are marketed for growers and member-exchanges as whole grain and as meal and oil. The meal is either sold to local M.F.A. exchanges and farmers or transferred to the St. Joseph feed mill. The plant thus provides both marketing and purchasing services. A feed warehouse is also operated at Mexico.

Besides the St. Joseph and Mexico operations, the company operates a branch grain commission firm on the Kansas City Board of Trade. It markets grain in carlots for members and also purchases grain and feed-stuffs in carlots for members at its St. Joseph mill and at the M.F.A. Milling Company in Springfield.

The M.F.A. Cooperative Grain and Feed Company serves 158 local farmers' exchanges in northern Missouri and 2 in Kansas having a membership of about 65,000. These local M.F.A. cooperatives are owned by the M.F.A. farmer members. Half the board of directors of the M.F.A. Cooperative Grain and Feed Company are named by representatives of these locals.

The other half are named by the State Board of the Missouri Farmers Association. The M.F.A. Cooperative Grain and Feed Company is financed by patrons' equities and certificates of indebtedness.

The wholesale volume of supplies purchased for patrons, after eliminating intercompany duplications, for the fiscal years ended August 31, 1952 and 1953 was as follows:

<u>Commodity</u>	<u>3⁶ 1952</u>	<u>1953</u>
A. On a purchase-and-sale basis:		
Mixed feeds and millfeeds--St. Joseph and Mexico plants-----	\$4,717,081	\$4,144,699
Seed-----	15,153	6,986
Flour-----	71,254	58,340
Soybean meal sold to members and others from Mexico plant, excluding transfers to St. Joseph mill-----	752,407	641,410
Petroleum products-----	2,588	17,577
Sub-total-----	5,558,483	4,869,012
B. Purchased on a commission basis by the K.C. Office:	<u>Estimated value</u>	
Grain for members-----	121,668	40,226
Grain and misc. supplies for M.F.A. Milling Co., Springfield, excluding St. Joseph mill cars-----	2,250,000	1,500,000
Miscellaneous supplies for members-----	16,414	20,434
Sub-total-----	2,388,082	1,560,660
Total-----	7,946,565	6,429,672

The volume of products marketed by the organization during the last two fiscal years, after eliminating intercompany duplication, follows:

<u>Commodity</u>	<u>Estimated value</u> <u>1952</u>	<u>1953</u>
Grain and soybeans products marketed for growers and exchanges at Mexico plant, including transfers to St. Joseph mill and K.C. office-----	\$3,850,979	\$3,469,545,
Grain marketed on commission at K.C. office, excluding Mexico transfers when reported above-----	6,860,836	16,035,195
Total-----	10,711,815	19,504,740

It distributed net margins for the years ended August 31, 1952 and 1953 as follows:

<u>Distribution of net margins</u>	<u>1952</u>	<u>1953</u>
Cash patronage refunds-----	\$39,570	\$64,006
Additions to patrons' equities and reserves-----	224,228	192,018
Total-----	263,798	256,024

³⁰Revised.

Certificates and patrons' equities amounting to \$64,213, originally issued in 1941-1942 and 1943 in payment of patronage refunds, were retired during 1952 under a revolving capital plan. The amount retired in 1953 was \$60,867 for equities originally earned in 1944-45.

The following condensed statements show the financial condition of the M.F.A. Cooperative Grain and Feed Company on August 31, 1952 and 1953:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$1,084,397	\$1,429,848
Investments-----	39,749	86,805
Fixed assets (net)-----	1,283,863	1,624,128
Other assets-----	41,648	34,889
Total-----	2,449,657	3,175,670
Liabilities and net worth:		
Current liabilities-----	336,647	614,434
Deferred liabilities (includes certificates of indebtedness)-----	695,412	989,813
Net worth (patrons' equities, savings and reserves)-----	1,417,598	1,571,423
Total-----	2,449,657	3,175,670

On August 31, 1953, the M.F.A. Cooperative Grain and Feed Company owned the following facilities:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Soybean mill and storage elevator-----	\$872,735	\$637,195
Feed mill and storage elevator-----	1,073,441	903,237
Automotive equipment-----	54,682	23,610
Office equipment-----	52,558	33,942
Laboratory equipment-----	22,810	12,188
Automotive service station-----	14,282	13,956
Total-----	2,090,508	1,624,128

The M.F.A. Cooperative Grain and Feed Company in August 1953 had 144 employees of which 104 were at St. Joseph, 35 at Mexico, and 5 at Kansas City. Of these, approximately 36 were engaged in general administrative and field service activities; 103 in manufacturing, warehousing, and processing operations; and 5 in marketing operations.

CONSUMERS COOPERATIVES ASSOCIATED

Consumers Cooperatives Associated, with headquarters at Amarillo, Tex., was organized in 1930. On October 31, 1953, it was serving 425 associations -- 315 member associations and 110 non-member associations -- with

approximately 190,000 patrons, 97 percent of them farmers. The association operates in Texas, New Mexico, Arkansas, the southeastern part of Colorado, and the southeastern and southern parts of Oklahoma.

The subsidiaries of Consumers Cooperatives Associated are the Levelland Consumers Cooperative Association which owns a refinery at Levelland, Tex., and the Cooperative Producing Association which produces crude oil near Caprock, N. Mex.

Supplies distributed at wholesale by the association and its subsidiaries during the fiscal years ending on October 31, 1952 and 1953, were as follows:

<u>Commodities</u>	<u>³⁷1952</u>	<u>1953</u>
Feed-----	\$358,020	\$195,737
Seed-----	100,981	54,990
Fertilizer-----	1,152,422	899,328
Light fuels-----	5,321,595	1,965,325
Crude oil-----	120,740	97,173
Lubricating oils-----	221,782	206,936
Anti-freeze-----	8,301	4,255
Grease-----	60,740	41,166
Tires and tubes-----	241,633	213,970
Batteries-----	53,049	45,270
Auto accessories-----	42,698	33,037
Appliances-----	126,497	72,715
Hardware and building supplies-----	234,514	200,765
Farm machinery-----	204,317	27,969
Miscellaneous-----	3,811	4,792
 Total-----	 8,251,100	 4,063,428

The association has not marketed any grain for patrons the last two years.

Consumers Cooperatives Associated and its subsidiaries incurred net operating losses for the fiscal years ending October 31, 1952 and 1953, as follows:

<u>Source of net losses</u>	<u>1952</u>	<u>1953</u>
Manufacturing and wholesale purchasing operations-----	-\$191,285	-\$168,366
Marketing operations-----	-2,010	-
Crude oil operations-----	-23,724	-8,424
 Total-----	 -\$217,019	 -\$176,790

³⁷Revised.

In addition, non-recurring charges totaled \$143,506 in 1953, which represented losses on the refinery and other properties.

The financial condition of Consumers Cooperatives Associated and its subsidiaries on October 31, 1952 and 1953, is shown by the following consolidated financial statements:

	<u>1952</u>	<u>1953</u>
Assets:		
Current assets-----	\$1,441,002	\$972,672
Fixed assets (net)-----	1,437,088	³⁸ 661,193
Other assets-----	283,938	³⁸ 437,384
Total-----	3,162,028	2,071,249
Liabilities and net worth:		
Current liabilities-----	1,495,976	1,072,972
Other liabilities-----	19,768	36,460
Net worth or members and patrons' equities-----	<u>1,646,284</u>	<u>961,817</u>
Total-----	3,162,028	2,071,249

On October 31, 1953, the principal operating facilities of the association and its subsidiaries were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Warehouses-----	3	\$109,160	\$261,347
Fertilizer plant-----	1	331,205	-
Transports-----	11	161,647	37,485
Crude oil properties-----	-	1,210,555	338,128
Other-----	-	<u>55,332</u>	<u>24,233</u>
Total-----		1,867,899	661,193

In addition, the association had \$126,337 invested in jointly-owned federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

On October 31, 1953, Consumers Cooperatives Associated and its subsidiaries had 81 employees. Of these 20 were engaged in general administrative activities; 19 in manufacturing and processing operations; and 42 in wholesale distribution.

³⁸Because the refinery at Levelland, Tex., with a cost value of \$1,154,090 and a depreciated value of \$649,012, was closed, it was not included in fixed assets. The value of C.C.A.'s investments in the subsidiary was carried in "other assets" as a note receivable which, with accrued interest, totaled \$212,994. Also, a seed plant at Sulphur Springs, a refined fuels terminal at Dumas, a warehouse at Childress, and a storage tank at Levelland, Tex., with a combined cost value of \$102,262 and a book value of \$39,729, were carried as other assets rather than fixed assets.

PART II

SUMMARY OF INFORMATION FOR 25 MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES FOR FISCAL YEARS ENDED IN
1952 AND 1953

This section summarizes information for individual regional cooperatives. It gives age of associations, area of service, type of retail outlets, number of patrons served, number of employees, dollar volume of business, type of supplies handled, distribution of net margins, and financial condition.

YEARS OF ORGANIZATION

The 25 regional farm supply cooperatives described in this report were organized in the following years:

<u>Year</u>	<u>Associations organized</u>
	<i>Number</i>
1907-----	1
1914-----	1
1916-----	1
1917-----	2
1918-----	1
1920-----	1
1922-----	1
1923-----	2
1926-----	1
1927-----	2
1929-----	2
1930-----	1
1931-----	2
1933-----	2
1934-----	2
1942-----	1
1945-----	2

Only 7 of these associations were in existence by 1920. By 1930, 16 were operating. Six were organized in the 1930's, and 3 in the 1940's. In 1953, their average age was about 26 years.

AREA OF SERVICE

The 25 regional farm supply cooperatives operate throughout most of the United States. In addition a number of smaller and often specialized regional associations operate in these same areas.

TYPE OF RETAIL OUTLET

The 25 major regional farm supply purchasing cooperatives distributed supplies through 8,969 retail outlets in 1952, and 8,626 in 1953. They are classified as follows:

<u>Type of retail outlet</u>	<u>1952</u>	<u>1953</u>
Local cooperatives:		
Member associations-----	4,866	5,134
Non-member associations-----	1,245	797
Affiliated cooperative service associations-----	858	721
Private service agencies-----	1,534	1,512
Farmer-representatives-----	466	462
 Total-----	 8,969	 8,626

The local associations included in this classification are autonomous organizations. The "member associations" hold membership interests in the regional associations while the "nonmember associations" are served by the regional cooperatives. "Affiliated cooperative service associations" are associations, or branch outlets, that are under direct management of the regionals. "Private service agencies" are private concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to the farmers the patronage refunds distributed by the regionals. Similarly, the "farmer-representatives" are farmers who serve as distribution agents for the regionals. The association reports in Part I give more detailed information on the character of local service outlets.

NUMBER OF PATRONS SERVED

During the fiscal year 1953, the 25 regional cooperatives served an estimated 3,136,622 farmer-patrons and 224,692 nonfarmer patrons, or a total of 3,361,314 patrons.³⁹ Thus 93 percent of the patrons were farmers, and 7 percent were nonfarmers.

³⁹On the basis of other studies made by Farmer Cooperative Service, it is believed that this total is considerably higher than the number of actual persons, since many are served by two or more regionals.

NUMBER OF EMPLOYEES

The 25 regionals, at the close of the 1953 fiscal year, had 21,088 employees. Of these, an estimated 19 percent were engaged in general administration; 55 percent in manufacturing, processing, and wholesale distribution; and 26 percent in retail supply distribution and in agricultural marketing work.

DOLLAR VOLUME OF BUSINESS

The combined business of the 25 regional cooperatives, including the value of supplies distributed at wholesale and at retail, plus the value of farm products marketed, amounted to \$1,332 million for the fiscal year ended 1953 (Table 1). The comparable dollar volume for 1952 was \$1,355 million.

TYPES OF SUPPLIES HANDLED

The relative importance of the various supplies handled at wholesale⁴⁰ by each of the 25 regional cooperatives during the fiscal year ended in 1953 is shown in Tables 2 and 3. Feed predominated in the dollar volume of 12 associations, petroleum products in 9 associations, fertilizer in 2 associations, groceries in 1 association, and packaging material in 1 association. Feed accounted for \$419 million of the volume of the 25 associations, petroleum products \$233 million, and fertilizer \$97 million.

Data in Table 4 show the relative importance of the combined value of the various groups of supplies handled at wholesale by the 25 cooperatives during the fiscal years ended in 1952 and 1953. The total dollar volume distributed at wholesale in 1953 showed a decrease of 2 percent over that in 1952. Feed, petroleum products, and fertilizer made up 82 percent of the volume in 1953 and 82 percent in 1951.

The value of feed distributed in 1953 showed a decrease of 7 percent over that distributed in 1952. Petroleum products increased 5 percent in dollar volume, and fertilizer 10 percent. Nine of the 14 commodity groups showed decreases. The percentage increase or decrease for each group or item, is shown in Table 4.

⁴⁰ Eastern States Farmers' Exchange, Inc., Washington Co-operative Farmers Association, Poultry-mens Cooperative Association of Southern California, and Poultry Producers of Central California distribute supplies direct to individual patrons and thus the value of retail sales also is used to reflect the wholesale function since separate wholesale values were not reported.

Table 1. - Dollar volume of farm supplies distributed and farm products marketed by 25 major regional farm supply purchasing cooperatives, fiscal years ending in 1952 and 1953

Association	Year ending	Supplies distributed at wholesale ^a		Supplies distributed at retail ^a		Farm products marketed		Combined totals ^a	
		1952	1953	1952	1953	1952	1953	1952	1953 ^b
Cooperative Grange League Federation Exchange, Inc., Ithaca, N. Y.	June 30	\$161,795,730	\$152,854,894	\$149,084,650	\$141,057,854	\$22,475,327	\$26,995,461	\$333,355,707	\$320,908,209
Southern States Cooperative, Inc., Richmond, Va.	June 30	90,478,038	88,772,953	43,703,515	43,089,993	7,750,840	7,562,732	141,932,393	139,425,678
Indiana Farm Bureau Cooperative Association, Inc., Indianapolis, Ind.	Dec. 31	49,317,818	50,053,954	-	-	85,899,414	80,009,591	135,217,232	130,063,545
Eastern States Farmers' Exchange, Inc., West Springfield, Mass.	Dec. 31	98,077,412	88,476,621	-	-	-	-	98,077,412	88,476,621
Consumers Cooperative Association, Kansas City, Mo.	Aug. 31	82,441,614	83,949,541	-	-	-	-	82,441,614	83,949,541
The Farm Bureau Cooperative Association, Inc., Columbus, Ohio	Dec. 31	42,733,527	40,020,560	-	-	22,791,086	22,150,499	65,524,613	62,171,059
Illinois Farm Supply Company, Chicago, Ill.	Aug. 31	56,766,483	59,920,175	-	-	-	-	56,766,483	59,920,175
Poultry Producers of Central California, San Francisco, Calif.	Dec. 31	34,669,974	30,460,056	-	-	22,487,347	25,647,236	57,157,321	56,107,292
Farmers Union Central Exchange, Inc., St. Paul, Minn.	Dec. 31	45,708,050	50,408,206	-	-	-	-	45,708,050	50,408,206
Washington Co-operative Farmers Association, Seattle, Wash.	Dec. 31	32,184,932	30,457,012	-	-	18,472,114	17,787,760	50,657,046	48,244,772
Farmers Cooperative Exchange, Inc., Raleigh, N. C.	June 30	26,769,629	22,902,279	15,090,131	13,895,182	3,579,366	2,621,877	45,439,126	39,419,338
M.F.A. Milling Company, Springfield, Mo.	June 30	33,131,161	37,215,341	-	-	-	-	33,131,161	37,215,341
Midland Cooperatives, Inc., Minneapolis, Minn.	Dec. 31	28,954,169	30,631,576	-	-	-	-	28,954,169	30,631,576
Pacific Supply Company, Wallis Walla, Wash.	June 30	19,345,903	20,780,299	-	-	5,202,879	5,577,486	24,548,782	26,357,785
M.F.A. Cooperative Grain and Feed Company, St. Joseph, Mo.	Aug. 31	7,946,565	6,429,672	-	-	10,711,815	19,504,740	18,658,380	25,934,412
Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.	Dec. 31	23,215,831	23,148,972	-	-	-	-	23,215,831	23,148,972
Fruit Growers Supply Company, Los Angeles, Calif.	Dec. 31	18,492,365	21,151,552	-	-	-	-	18,492,365	21,151,552
Farm Bureau Services, Inc., Lansing, Mich.	Aug. 31	11,329,877	11,408,197	7,451,331	7,299,838	2,190,802	1,715,602	20,972,010	20,423,637
Poultrymen Cooperative Association of Southern California, Los Angeles, Calif.	Mar. 31	14,524,894	14,688,635	-	-	2,156,376	2,753,212	16,681,270	17,441,847
Central Cooperative Wholesale, Superior, Wis.	Nov. 30	11,193,910	11,053,650	-	-	-	-	11,193,910	11,053,650
Mississippi Federated Cooperatives (AAL) Jackson, Miss.	May 31	7,603,443	8,129,119	-	-	5,904,727	2,814,556	13,508,170	10,943,675
Arkansas Farmers Association, Little Rock, Ark.	May 31	10,288,935	10,672,286	-	-	-	-	10,288,935	10,672,286
Farmers Union State Exchange, Omaha, Nebr.	Sept. 30	6,044,835	5,832,704	1,390,999	1,306,170	-	-	7,435,834	7,138,874
Tennessee Farmers Cooperative, Nashville, Tenn.	Dec. 31	7,904,992	7,135,397	-	-	-	-	7,904,992	7,135,397
Consumers Cooperatives Associated, Anarillo, Tex.	Oct. 31	8,251,100	4,063,428	-	-	-	-	8,251,100	4,063,428
Total		929,171,187	910,617,079	216,720,626	206,649,037	209,672,093	215,140,752	1,355,513,906	1,332,406,868

^aIncludes some duplication of items since "supplies distributed at retail", to a substantial degree, comprises items also reported as wholesale distribution. "Supplies distributed at wholesale" includes supplies direct to patrons and thus performs both wholesale and retail functions.

^bRevised.

Table 2. - Dollar volume of farm supplies distributed at wholesale by 25 regional farm supply purchasing cooperatives, fiscal years ending in 1953*

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, maintenance material	Farm machinery and equipment	Grates, baskets, brooms, cleaning material	Tires, tubes, auto accessories	Steel products	Insecticides and sprays	Electrical equipment and appliances	Groceries	Twine	Coal	Miscellaneous	Total
1,000 dollars																
Cooperative Grange League																
Federation Exchange, Inc.	\$101,266	\$13,483	\$15,753	\$5,594	\$2,744	\$2,393	\$635	\$1,358	\$3,028	\$2,838	\$1,806	-	\$919	-	\$1,297	\$153,114
Southern States Cooperative, Inc.	55,788	6,914	10,160	6,906	666	1,347	-	759	3,494	1,375	1,298	-	-	-	66	88,773
Eastern States Farmers' Exchange, Inc.	72,375	-	7,334	4,222	3,002	-	-	-	-	1,544	-	-	-	-	-	88,477
Consumers Cooperative Association	8,667	59,475	4,254	-	4,156	1,681	-	2,293	-	552	593	\$1,955	-	-	324	83,950
Illinois Farm Supply Company	13,609	31,358	11,293	-	692	481	-	751	997	494	-	-	55	-	190	59,920
Farmers Union Central Exchange, Inc.	2,700	33,909	2,081	420	2,745	2,916	-	3,402	-	424	408	-	339	-	1,064	50,408
Indiana Farm Bureau Cooperative Association, Inc.	10,057	17,771	9,632	1,500	3,243	2,275	-	418	1,883	695	931	-	74	\$458	1,117	50,054
The Farm Bureau Cooperative Association, Inc.	11,164	14,144	6,226	1,935	1,572	2,718	-	171	-	493	822	-	-	-	806	940,051
M.F.A. Milling Company	35,820	-	-	1,395	-	-	-	-	-	-	-	-	-	-	-	37,215
Midland Cooperatives, Inc.	2,683	20,530	2,573	588	610	772	-	1,455	455	50	721	-	-	55	140	30,632
Poultry Producers of Central California	27,808	1,953	-	-	-	-	-	-	-	-	-	-	-	-	699	30,460
Washington Co-operative Farmers Association	20,393	6,552	1,004	428	-	-	-	-	-	-	-	-	-	-	2,080	30,457
Pennsylvania Farm Bureau Cooperative Association	9,515	6,381	2,368	1,232	170	1,332	-	171	689	415	222	-	192	-	462	23,149
Farmers Cooperative Exchange, Inc.	12,485	-	4,340	1,447	940	891	-	14	-	453	521	-	-	-	1,811	22,902
Fruit Growers Supply Company	-	-	-	-	-	-	18,460	-	-	-	-	-	-	-	2,692	21,152
Pacific Supply Cooperative	1,005	12,094	3,424	144	1,155	1,584	-	708	-	501	155	-	-	-	10	20,780
Poultrymen's Cooperative Association of Southern California	14,314	-	-	-	-	-	-	-	-	-	-	-	-	-	375	14,689
Farm Bureau Services, Inc.	4,351	-	4,081	1,286	165	-	-	-	1,072	331	-	-	-	122	-	11,408
Central Cooperative Wholesale	2,236	1,697	190	145	635	126	-	272	126	44	435	4,364	60	54	670	11,054
Arkansas Farmers Association	6,008	-	2,412	1,105	-	-	-	-	-	-	-	-	-	-	1,147	10,672
Tennessee Farmers Cooperative	1,635	310	3,648	1,117	338	-	-	-	-	-	-	-	-	-	87	7,135
Mississippi Federated Cooperatives (AAL)	1,398	-	5,175	1,064	-	-	-	-	-	185	-	-	-	-	307	8,129
M.F.A. Cooperative Grain and Feed Company	4,826	18	7	-	-	-	-	-	-	-	-	-	-	-	1,579	6,430
Farmers Union State Exchange	87	3,938	-	91	106	1,903	-	198	-	-	-	347	24	100	39	5,833
Consumers Cooperatives Associated	196	2,314	899	55	201	28	-	292	-	-	73	-	-	-	5	4,063
Total	420,386	232,841	96,854	30,674	23,140	19,447	19,095	12,262	11,744	10,394	7,985	6,666	1,663	789	16,967	910,907

*includes some duplication of items, since "supplies distributed at retail", to a substantial degree, comprises items reported as "wholesale distribution."

includes \$259 thousand interdivision transactions.

includes hardware.

distributes supplies direct to patrons, and thus performs both wholesale and retail functions.

Prior to 1953 home appliances and other consumer goods were handled by Cooperative Wholesale Association, Inc., Columbus, Ohio. On December 31, 1952 the two associations were merged.

includes \$30 thousand interdivision transactions.

includes some farm appliances and irrigation supplies.

includes hardware and fencing.

Table 3. - Percentage of total dollar volume of farm supplies distributed at wholesale represented by specific groups of items, 25 major regional farm supply purchasing cooperatives, fiscal year ending 1953^a

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, and other material	Farm machinery and equipment	Crates, baskets, and packaging material	Tires, tubes, and accessories	Steel products	Insecticides and sprays	Electrical equipment and appliances	Groceries	Twine	Coal	Miscellaneous	Total
Percent																
Cooperative Grange League																
Federation Exchange, Inc.	66.1	8.8	10.3	3.6	1.8	1.6	0.4	0.9	2.0	1.9	1.2	-	0.6	-	0.8	^b 100.0
Southern States Cooperative, Inc.	62.8	7.8	11.4	7.8	.8	1.5	-	.9	3.9	1.5	1.5	-	-	-	.1	100.0
Eastern States Farmers' Exchange, Inc.	81.8	-	8.3	4.8	3.4	-	-	-	-	1.7	-	-	-	-	-	100.0
Consumers Cooperative Association	10.3	70.8	5.1	-	5.0	2.0	-	2.7	-	.7	.7	2.3	-	-	.4	100.0
Illinois Farm Supply Company	22.7	52.3	18.8	-	1.2	.8	-	1.3	1.7	.8	-	-	.1	-	.3	100.0
Farmers Union Central Exchange, Inc.	5.4	67.3	4.1	.8	5.4	5.8	-	6.8	-	.8	.8	-	.7	-	2.1	100.0
Indiana Farm Bureau Cooperative Association, Inc.	20.1	35.5	19.2	3.0	6.5	4.6	-	.8	3.8	1.4	1.9	-	.1	.9	2.2	100.0
The Farm Bureau Cooperative Association, Inc.	27.9	35.3	15.6	4.8	3.9	6.8	-	.4	-	1.2	2.1	-	-	-	2.0	^b 100.0
M.F.A. Milling Company	96.3	-	-	3.7	-	-	-	-	-	-	-	-	-	-	-	100.0
Midland Cooperatives, Inc.	8.8	67.0	8.4	1.9	2.0	2.5	-	4.7	1.5	.2	2.3	-	-	.2	.5	100.0
Poultry Producers of Central California	91.3	6.4	-	-	-	-	-	-	-	-	-	-	-	-	2.3	100.0
Washington Co-operative Farmers Association	67.0	21.5	3.3	1.4	-	-	-	-	-	-	-	-	-	-	6.8	100.0
Pennsylvania Farm Bureau Cooperative Association	41.1	27.6	10.2	5.3	.7	5.8	-	.7	3.0	1.8	1.0	-	.8	-	2.0	100.0
Farmers Cooperative Exchange, Inc.	54.5	-	18.9	6.3	4.1	3.9	-	.1	-	2.0	2.3	-	-	-	7.9	100.0
Fruit Growers Supply Company	-	-	-	-	-	-	87.3	-	-	-	-	-	-	-	12.7	100.0
Pacific Supply Cooperative	4.8	58.2	16.5	.7	5.6	97.6	-	3.4	-	2.4	.8	-	-	-	(h)	100.0
Poultrymen's Cooperative Association of Southern California	97.4	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	100.0
Farm Bureau Services, Inc.	38.1	-	35.8	11.3	1.4	-	-	-	9.4	2.9	-	-	-	1.1	-	100.0
Central Cooperative Wholesale	20.2	15.4	1.7	1.3	5.8	1.1	-	2.5	1.1	.4	3.9	39.5	.5	.5	6.1	100.0
Arkansas Farmers Association	56.3	-	22.6	10.4	-	-	-	-	-	-	-	-	-	-	10.7	100.0
Tennessee Farmers Cooperative	22.9	4.4	51.1	15.7	4.7	-	-	-	-	-	-	-	-	-	1.2	100.0
Mississippi Federated Cooperatives (AMU)	17.2	-	63.6	13.1	-	-	-	-	-	2.3	-	-	-	-	3.8	ⁱ 100.0
M.F.A. Cooperative Grain and Feed Company	75.1	.3	.1	-	-	-	-	-	-	-	-	-	-	-	24.5	ⁱ 100.0
Farmers Union State Exchange	1.5	67.5	-	1.6	1.8	145.5	-	3.4	-	-	-	5.9	.4	1.7	.7	100.0
Consumers Cooperatives Associated	4.8	57.0	22.1	1.4	4.9	.7	-	7.2	-	-	1.8	-	-	-	.1	100.0
Total	46.1	25.6	10.6	3.4	2.5	2.1	2.1	1.4	1.3	1.1	.9	.7	.2	.1	1.9	100.0

^aIncludes some duplication of items, since "supplies distributed at retail," to a substantial degree, comprises items reported as "wholesale distribution."^bIncludes less than one percent of intercompany transactions.^cIncludes hardware.^dDistributes supplies direct to patrons, and thus performs both wholesale and retail functions.^eIncludes some miscellaneous items.^fIncludes some farm appliances and irrigation supplies.^gIncludes some farm appliances and irrigation supplies.^hLess than .05 percent.ⁱIncludes some supplies handled on a commission basis.^jIncludes hardware and fencing.

On December 31, 1952 the two associations were merged.

Table 4. - *Supplies distributed at wholesale by 25 major regional farm supply purchasing cooperatives for fiscal years ended in 1952 and 1953^a*

Commodity	1952		1953		Increase or decrease
	Volume	Percentage of total	Volume	Percentage of total	
	<i>1,000 dollars</i>	<i>Percent</i>	<i>1,000 dollars</i>	<i>Percent</i>	
Feed-----	451,266	48.5	420,386	46.1	-6.9
Petroleum products-----	221,523	23.8	232,841	25.6	+5.1
Fertilizer-----	88,094	9.5	96,854	10.6	+9.9
Seed-----	34,996	3.8	30,674	3.4	-12.3
Lumber, paint, hardware, and maintenance material-----	25,537	2.7	23,140	2.5	-9.4
Farm machinery and farm equipment--	24,817	2.7	19,447	2.1	-21.6
Crates, baskets, shook, and packaging material-----	16,424	1.8	19,095	2.1	+16.3
Tires, tubes, and auto accessories--	11,975	1.3	12,262	1.4	+2.4
Steel products-----	9,201	1.1	11,744	1.3	+27.6
Insecticides and sprays-----	10,429	1.0	10,394	1.1	-.3
Electrical equipment and appliances-----	7,994	.9	7,985	.9	-.1
Groceries-----	6,727	.7	6,666	.7	-.9
Twine-----	3,681	.4	1,663	.2	-54.8
Coal-----	1,289	.1	789	.1	-38.8
Miscellaneous-----	15,557	1.7	16,967	1.9	+9.1
Total-----	^b 929,510	100.0	^c 910,907	100.0	-2.0

^aIncludes the value of supplies distributed direct to patrons by four associations not reporting separate wholesale values.

^bIncludes \$339,000 interdivision transactions not reported by commodity.

^cIncludes \$289,000 interdivision transactions not reported by commodity.

DISTRIBUTIONS OF NET MARGINS

Total net margins of the 25 associations amounted to \$37.8 million in 1952 and \$34.8 in 1953, a decrease of almost 8 percent. Cash patronage refunds were \$9.6 million in 1953, or 0.4 percent greater than in 1952. Refunds in the form of capital stock, certificates of equity, and other equity holdings increased about 8 percent, or from \$14.8 million to \$15.9 million. Cash dividends on stock went from about \$4 million in 1952 to \$4.2 million in 1953, an increase of 6 percent. The amount retained in reserves was 46 percent less, declining from \$9.5 million in 1952 to \$5.1 million in 1953.

In addition to net margins, 11 associations reported information on the payment of Federal income taxes, which in 1953 totaled almost \$2½ million.

This figure, however, is not all-inclusive, since some associations may report net margins exclusive of income taxes and others include tax amounts in their net margins.

Moreover, some associations, under the Internal Revenue Code, are not required to make provisions for Federal income taxes, since their method of operation is such that they produce little or no income which is taxable to them. Others do not elect to follow this practice and consequently pay taxes on taxable income on the same basis as other corporations. It also should be emphasized that cooperatives and other corporations cannot be compared as to taxability of net margins. Since cooperatives contract in advance for the distribution of net margins to patrons they have taxable income only on that portion that is not allocated, in accord with the regulations of the Internal Revenue Service. For this reason, statements covering the operations of the individual associations should be read in interpreting summary tables shown in Part II.

Table 5. - *Distribution of net margins of 25 major regional farm supply purchasing cooperatives for fiscal years ended in 1952 and 1953^a*

Distribution of net margins	1952	1953	Percentage increase or decrease
Cash dividends on stock-----	\$4,023,275	\$4,248,488	+5.6
Patronage refunds:			
Cash-----	9,526,780	9,564,862	+0.4
Deferred ^b -----	14,760,223	15,865,025	+7.5
Amount retained in reserves-----	9,461,159	5,102,142	-46.1
Total-----	37,771,437	34,780,517	-7.9

^aDoes not include income taxes.

^bEvidenced by capital stock, certificates of equity, and other equity holdings. Because of variations in methods of reporting, some equity holdings may be included in the item "amount retained in reserves." The latter item also includes unallocated amounts.

In addition to the distribution of current patronage refunds and dividends on stock, the associations reported the retirement of stock certificates, originally issued as deferred patronage refunds, in the amount of 7½ million in 1952 and \$11 million in 1953.

FINANCIAL CONDITION

The financial condition of the 25 purchasing cooperatives at the close of their fiscal years ending in 1952 and 1953 is summarized in Table 6.

Table 6. - Consolidated financial statement of 25 major regional farm supply purchasing cooperatives at the close of their fiscal years, ended in 1952 and 1953

Item	1952		1953	
	Amount	Percentage of total	Amount	Percentage of total
Assets:				
Current assets-----	\$235,787,622	51.2	\$235,554,546	48.2
Fixed assets (net)-----	154,131,211	33.5	171,565,768	35.2
Other assets-----	70,452,320	15.3	81,107,310	16.6
Total-----	460,371,153	100.0	488,227,624	100.0
Liabilities and members' equity:				
Current liabilities-----	95,966,512	20.8	84,543,085	17.3
Other liabilities-----	68,043,972	14.8	89,960,070	18.4
Members' equity and reserves-----	296,360,669	64.4	313,724,469	64.3
Total-----	460,371,153	100.0	488,227,624	100.0

APPENDIX

VALUE OF FARM SUPPLIES DISTRIBUTED BY THREE MAJOR REGIONAL
MARKETING COOPERATIVES FOR FISCAL YEARS ENDED IN
1952 AND 1953

The three regional marketing cooperatives included in this handbook⁴¹ which distributed more than \$5 million of farm supplies in 1953 are Land O'Lakes Creameries, Inc., Minneapolis, Minn., The Cotton Producers Association, Atlanta, Ga., and Utah Poultry and Farmers Cooperative, Salt Lake City. Land O'Lakes Creameries, Inc., and The Cotton Producers Association are of the federated type and distribute farm supplies wholesale to local member associations. Utah Poultry and Farmers Cooperative is a centralized organization that distributes supplies direct to farmers through local branches.

LAND O'LAKES CREAMERIES, INC.

The value of feed, seed, and fertilizer distributed to its members by the Land O'Lakes Creameries, Inc., for the years ended December 31, 1952 and 1953, was as follows:

<u>Commodity</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$9,477,046	\$9,248,517
Fertilizer-----	1,894,946	2,450,548
Seed-----	895,114	834,659
Total-----	12,267,106	12,533,724

Net margins on these operations amounted to \$338,577 in 1952 and \$650,384 in 1953.

THE COTTON PRODUCERS ASSOCIATION

The Cotton Producers Association serves farmers in Georgia, practically all of Florida, and part of Alabama, through member associations and dealer representatives. Fertilizer, feed, seed, and other farm supplies were distributed to its members during the fiscal years ended in 1952 and 1953 as follows:

<u>Commodity</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$5,698,653	\$5,652,785
Fertilizer-----	3,009,980	3,214,424
Seed-----	1,114,283	856,572
Other farm supplies-----	926,796	1,076,521
Total-----	10,749,712	10,800,302

⁴¹Since supply operations of Poultrymens Cooperative Association of Southern California, M.F.A. Cooperative Grain and Feed Company, and Poultry Producers of Central California were more important in dollar volume than marketing operations, the associations have been included in Part I of this report.

Net margins on supply operations amounted to \$806,500 in 1952 and \$614,535 in 1953.

UTAH POULTRY AND FARMERS COOPERATIVE

The value of feed and other farm supplies distributed by the Utah Poultry and Farmers Cooperative during the years ended December 31, 1952 and 1953, was as follows:

<u>Commodity</u>	<u>1952</u>	<u>1953</u>
Feed-----	\$7,185,857	\$6,267,311
Fertilizer-----	215,452	215,496
Seed-----	364,964	61,014
Other farm supplies-----	925,740	573,423
Total-----	8,692,013	7,117,244

COMBINED DOLLAR VOLUME

The total dollar volume of farm supplies distributed by these three marketing associations amounted to \$31,708,831 in 1952 and \$30,451,270 in 1953 - a decrease of 4 percent.

Feed was the principal supply item handled. In 1952, it represented 70 percent of the total dollar volume of all supplies distributed - and 69 percent in 1953. In 1952, the volume was \$22,361,556, and in 1953, \$21,168,613 - a decrease of 5 percent. Fertilizer represented 16 percent of the total supply volume in 1952 and 19 percent in 1953. The dollar volume of fertilizer increased 11 percent. Seed represented 5 percent of the supply volume in 1952 and 3 percent in 1953. This item showed a decrease of 38 percent in 1953.

The dollar volume of other supplies remained about the same.

